

Shifts of Power in the Middle East

Why is the Middle East a flashpoint in world affairs?

29.1 Introduction

In 1981, Egyptian President Anwar Sadat (AHN-wahr sah-DAHT) was attending a military parade in Cairo. Fighter jets roared overhead as army vehicles rolled past the reviewing stand where Sadat was seated. Suddenly, several soldiers leapt from a truck and opened fire on the president. They murdered Sadat and several other people.

Fourteen years later in 1995, Israeli Prime Minister Yitzhak Rabin (YIHT-sahk rah-BEEN) was attending a peace rally in Tel Aviv. As he was leaving, a man in the crowd pulled out a gun and shot him in the back. Rabin died shortly afterward.

These two assassinations had much in common. Although Sadat and Rabin stood on opposite sides of the Arab-Israeli conflict, they both sought peace in the Middle East. By embracing political compromise, they aroused violent opposition from extremists on both sides.

In Sadat's case, the assassins were Muslim militants who blamed him for undermining the cause of radical Islam by signing a treaty with Israel. In Rabin's case, the killer was a Jewish extremist who opposed Rabin's efforts to negotiate with the Palestinians. The death of these two leaders was a blow to those who hoped for peace and religious moderation in the Middle East, but their legacies continue. Despite popular opposition, Sadat's peace agreement with Israel survived his assassination. Rabin's commitment to a negotiated peace with Palestinians remains the official goal of the Israeli government and his memory is honored each year with a national day of mourning.

The nations of the Middle East faced many challenges in the decades after World War II. Like other developing countries, they sought to achieve political stability and economic growth. But they were unsettled by wars and political conflicts. In this lesson, you will read about some of these conflicts, and about efforts to promote peace and stability in the region.

Themes

Cultural Interaction Ethnic and religious differences have troubled the modern Middle East. Jews and Arabs have fought over land, Israel's right to exist, and questions about Palestinian statehood. Conflict has also erupted between Shi'a and Sunni Muslims.

Political Structures Many groups in the Middle East have fought to establish and strengthen independent nation-states. Political revolts and revolutions have unsettled the region.

Economic Structures Some states in the Middle East have created state-run economies on a socialist model. Oil is a key resource for many Middle Eastern economies.

Human-Environment Interaction Oil production has brought great wealth to the Middle East, but it has also caused problems.

◀ Israel and parts of Egypt, Syria, Jordan, and Saudi Arabia are visible in this satellite photograph of the Middle East.

UN Plan for the Partition of Palestine, 1947



The United Nations plan for the partition of Palestine created separate Jewish and Arab Palestinian states. However, complicated settlement patterns in the region resulted in fragmented, discontinuous territories. The city of Jerusalem had long been a site of conflict. The plan hoped to solve this issue by making Jerusalem a separate UN-administered territory not belonging to either state.

29.2 The Arab-Israeli Conflict

A major source of tension in the Middle East has been the Arab-Israeli dispute over land, Israel's right to exist, and questions about Palestinian statehood. In the first four decades after World War II, Israel and the Arab states fought four wars. Since then, Palestinian Arabs have continued to struggle with Israel.

The Roots of the Conflict Both Jews and Palestinian Arabs have historic claims to the area in the eastern Mediterranean known as Palestine, which Jews call the Land of Israel. Each group considers the land its ancestral home. By the 19th century, many Jews were living outside of Palestine, in communities throughout Europe and the Middle East. In the late 19th century, Zionism, or Jewish nationalism, developed in Europe. Zionism advocated that Jews outside their ancient homeland of Israel return there. This prompted increased Jewish migration to Palestine. After World War I, the area became the British Mandate for Palestine. Jewish migration to Palestine increased and Palestinian Arabs increasingly opposed Jewish immigration with violence. The British, who controlled the Palestine Mandate, failed to come up with a solution.

During and after World War II, Jews fled Europe to escape persecution, and many settled in the Palestine Mandate. Shocked by the Holocaust, many nations backed the idea of a modern state for Jews in their historical homeland, where they would be safe from persecution. Meanwhile, violence between Jews and Palestinian Arabs increased. After the war, Britain turned the issue over to the United Nations.

In 1947, the UN approved a plan for the partition of the British Mandate for Palestine. The plan called for a "two-state solution." One state would be Jewish and the other Arab. Both sides were dissatisfied with the plan. The states were small and fragmented. Arabs would not accept any Jewish state and were upset that Jews, who made up one third of the population, would receive more than half the land. Jews were upset that more than half the land allocated for a Jewish state was arid desert. They also felt it was unfair that their state was being reduced when 80 percent of the original Palestine Mandate had already been closed to them with the creation of Transjordan. Jerusalem, an important city to both communities, was to be under international control.

Jews ultimately supported the plan, but Palestinian Arabs and neighboring Arab states were opposed. They wanted there to be no Jewish state, but rather a single state under majority Palestinian Arab control. Although historically there had never been an independent Arab Palestinian state, by this time a distinct sense of Arab Palestinian nationalism had developed. The term "Palestine," came to refer to a state Arabs hoped to create in the region, and the label "Palestinian" came to imply an Arab ethnic identity.

On May 14, 1948, as Britain ended its Palestine Mandate and pulled out of the region, Israel declared itself an independent state in keeping with the UN plan. The following day the armies of five Arab nations—Egypt, Syria, Jordan, Lebanon, and Iraq—invaded Israel. However, these armies were poorly trained and disorganized. In contrast, Israel's forces were disciplined and ready for combat. By January 1949, Israel had won a decisive victory.

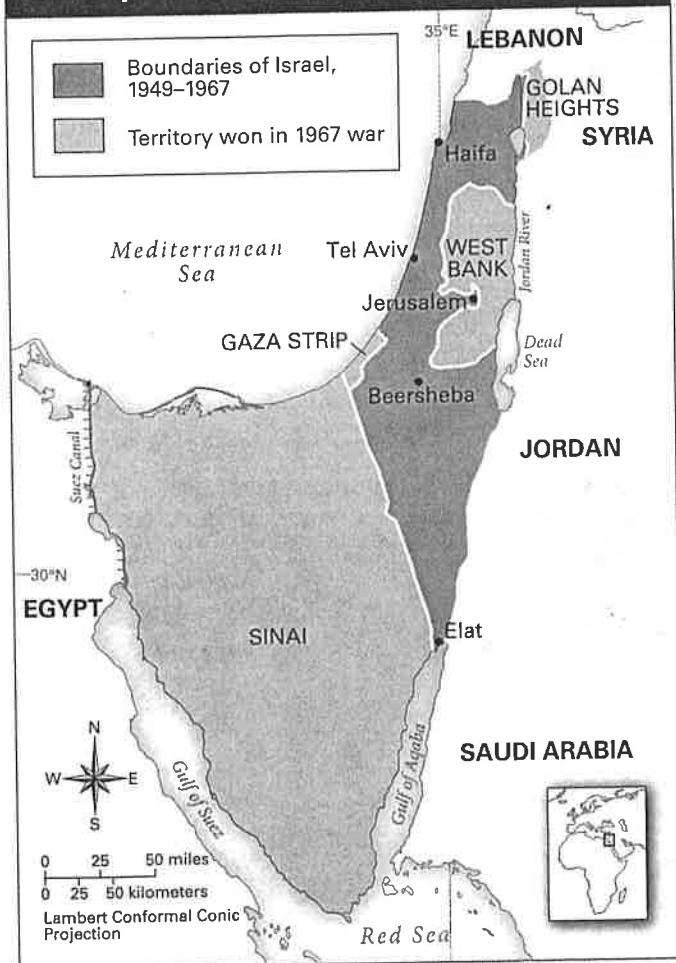
After the war, Egypt and Jordan controlled most of the land the UN had set aside for the Palestinian Arab state. The rest of the area became part of Israel. Egypt held the Gaza Strip, a small piece of land along the Mediterranean Sea. Jordan held the West Bank, a hilly region of central Palestine west of the Jordan River. There was no Palestinian state.

During the fighting, more than 700,000 Palestinians fled to nearby countries. The Palestinian refugees said they had been forced from their land, but Israel held that they had left voluntarily. It refused to let the refugees return to their homes, and their land came under the control of Israel. Palestinian Arabs who remained in Israel became citizens and today the Arab minority comprises approximately one fifth of the population of Israel. A comparable number of Jews—820,000—also became refugees as a result of the war. These Jews were persecuted and displaced from Arab states as part of the Arab rejection of Israel's right to exist. The majority—586,000— resettled in Israel.



Young Jews in the city of Tel Aviv celebrate the proclamation of the new state of Israel on May 14, 1948. The next day, five Arab nations that opposed the creation of a Jewish state invaded Israel, beginning the 1948 war.

Territory Occupied by Israel After the Six-Day War, 1967



In the Six-Day War of 1967, Israel quickly defeated Arab forces and occupied more territory than ever before. At the end of the war, they held land that had previously been controlled by Egypt, Jordan, and Syria. However, in 1982, the Israelis returned the Sinai Peninsula to Egypt.

Six-Day War the third Arab-Israeli war, in 1967, which resulted in a quick Israeli victory and a major expansion of Israeli territory

Intermittent Warfare Israel and its Arab neighbors remained in a state of tension after the 1948 war. The Arab states refused to recognize the state of Israel or its right to exist. And Israel remained on guard against future attacks.

In 1956, President Nasser of Egypt seized the Suez Canal from Britain and France. This ignited tensions in the region. Additionally, Egypt began to blockade Israeli shipping, considered under international law to be an act of war. In the second Arab-Israeli war, the British and French united with Israel to invade Egypt's Sinai Peninsula in October 1956. Opposition from other nations, including the United States, forced the invaders to withdraw, however, by March 1957.

The third war—known as the **Six-Day War**—took place a decade later. After the Suez conflict, Nasser viewed Israel as a mortal threat to Arabs. In the spring of 1967, he decided to act. He sent Egyptian troops into the Sinai Peninsula and closed off the Gulf of Aqaba, which was Israel's outlet to the Red Sea. He also made military alliances with other Arab states, and publically declared his goal to destroy Israel. Israel viewed the naval blockade as an act of war and the other developments as a threat to its existence. In response to these actions and aggression from

Syria, Israel acted on what it perceived as an imminent attack from its surrounding neighbors. It sent fighter jets to destroy airfields in Egypt, Syria, and Jordan and then launched lightning-fast ground attacks. In just six days, it won a resounding victory.

After the Six-Day War, Israel controlled all of the former British mandate west of the Jordan river, including the West Bank, Jerusalem, and the Gaza Strip. It also occupied the Egyptian Sinai and Syria's Golan Heights, a hill region that looks down on northern Israel. Around 200,000 more Palestinian refugees fled to Jordan. It was a humiliating defeat for the Arab states.

Six years later, in October 1973, Egypt and Syria launched the fourth Arab-Israeli war. By this time, Anwar Sadat had become the Egyptian president. He was determined to restore Egypt's power and prestige. The Arab forces began their attack during Yom Kippur, the holiest day of the Jewish calendar. They caught the Israelis off guard, pushing them back in the Sinai and down from the Golan Heights. But Israel fought back and regained territory. A UN ceasefire ended the fighting, but did not bring a formal peace.

The Struggle for Peace After the war, Egyptian President Anwar Sadat began to work for peace with Israel. In 1977, he stunned the world by visiting Jerusalem and speaking before the Israeli parliament. In that speech, he announced, "Today I tell you, and I declare it to the whole world, that we accept to live with you in permanent peace based on justice." In exchange for peace, Sadat called on Israel to respect Palestinian rights and return Arab lands taken in the 1967 war.

In 1978, Sadat and Israeli Prime Minister Menachem Begin (meh-NAH-hehm BEH-gihn) met for peace talks at Camp David, the U.S. presidential retreat in Maryland. These talks led to the **Camp David Accords**. Under this agreement, Egypt agreed to recognize Israel as a nation, and Israel agreed to return the Sinai Peninsula to Egypt. A peace treaty the following year ended three decades of war between the two nations.

Other Arab states were furious with Sadat for making peace with Israel. Three years later, Sadat was assassinated. But the Egyptian-Israeli peace continued.

Meanwhile, Palestinians took up the conflict with Israel. They resented Israel's control over the West Bank and Gaza and many felt Israel should be destroyed. The main group spearheading this cause was the **Palestine Liberation Organization** (PLO), led by Yasir Arafat (YASS-sir AH-rah-fat). The PLO waged a political campaign to win support for a Palestinian homeland. But it also engaged in armed struggle, attacking targets and committing acts of terrorism in Israel and elsewhere. Israel fought back, bombing suspected PLO strongholds. In 1982, Israel invaded Lebanon, which was in the middle of a civil war, to strike at PLO bases there. World opinion and persistent guerrilla attacks eventually forced Israel to withdraw.

Camp David Accords a 1978 peace agreement between Egypt and Israel in which Israel returned land taken from Egypt in 1967 and Egypt recognized Israel's right to exist

Palestine Liberation Organization an organization established in 1964 to represent Palestinian interests and that pledged to destroy Israel; in 1993 it agreed to peace with Israel



In 1978, Egyptian President Anwar Sadat (center) and Israeli Prime Minister Menachem Begin (right) signed the Camp David Accords. Here Sadat and Begin acknowledge applause as the Accords are announced in the U.S. Congress. However, many Arabs were angry with Sadat for making peace with the Israelis.

A masked protestor holds up a Palestinian flag and a rock during an Intifada demonstration. Palestinian youths often attacked Israeli soldiers with stones and bottles during the first Intifada popular uprisings, which began in 1987.



A new phase of the conflict began in 1987 with a popular uprising called the *Intifada*. Palestinians in the West Bank and Gaza held strikes and demonstrations to protest Israeli policies. Youths hurled stones and bottles at Israeli soldiers. The PLO helped organize the uprising and supplied Palestinians with firearms. Israeli authorities cracked down by arresting, beating, and sometimes killing protesters and suspected terrorists. The Intifada went on for six years and finally prompted peace talks between the Israelis and the Palestinians.

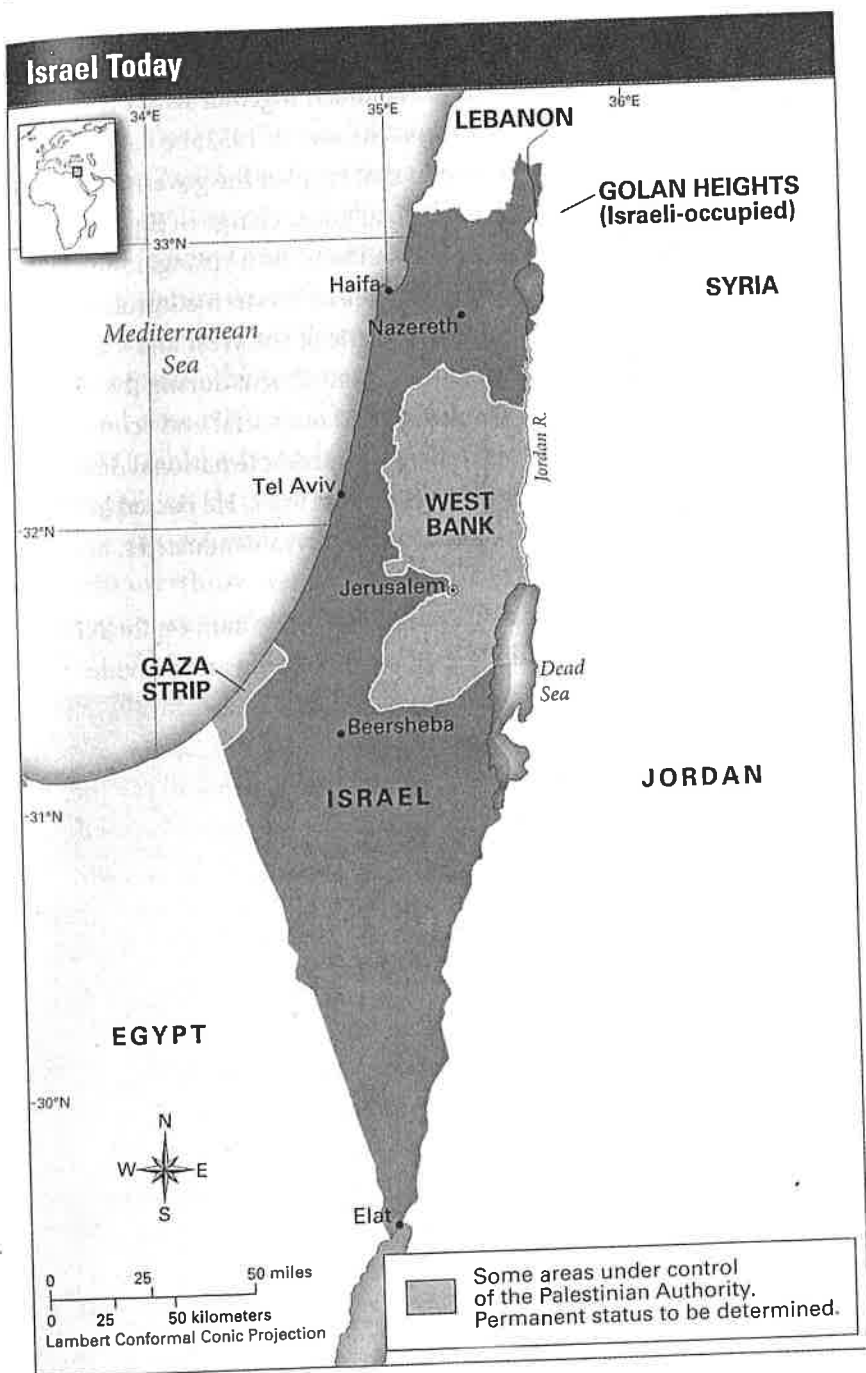
In 1993, a series of secret negotiations between Israel and the PLO in Oslo, Norway, produced the **Oslo Accords**. The PLO agreed to recognize Israel in return for Palestinian self-rule in portions of the West Bank and Gaza. Under the accord, a governing body called the **Palestinian Authority** would manage affairs in Palestinian-controlled areas. Many Palestinians and Israelis were unhappy with the accord, however. Both said it gave away too much to the other side. Prime Minister Rabin's role in forging the agreement led to his assassination two years later by an Israeli extremist.

After the Oslo Accord, the peace process stalled. Palestinians gained self-rule in some areas, but the handover of land was slower than expected. The PLO renounced violence, but Palestinian attacks on Israelis continued. In 1987, at the beginning of the Intifada, a Palestinian terrorist group known as Hamas was established. In the era after the Oslo Accord, this group and others launched terrorist attacks on Israel. In the fall of 2000, this violence increased during what became known as the Second Intifada. To bolster security, Israel constructed a barrier wall across the West Bank to prevent terrorists from being able to enter Israel easily. Unfortunately, the barrier isolated some Palestinian towns. Israelis also continued to build permanent settlements in the West Bank, further angering Palestinians.

Oslo Accords the agreement signed in 1993 in which the PLO recognized Israel and Israel granted Palestinian self-rule in parts of the West Bank and Gaza

Palestinian Authority the governing authority for Palestinian self-rule established through the Oslo Accord

The ultimate goal of the peace process remains a two-state solution. But five key issues continue to hinder a peace agreement. One is persuading Arabs who reject Israel's existence to recognize Israel's right to exist as a Jewish state. A second issue is Israel's control of land taken in the 1967 war. A third is the demand that Palestinian refugees and their descendants be allowed to return to land in Israel, an issue known as the "right of return." A fourth is control over Jerusalem. And a fifth issue is control over scarce water resources in the Jordan River Valley. These issues have no easy solutions. But until they are resolved, peace between Israelis and Palestinians will remain elusive.



The map shows Israel's borders since the Sinai Peninsula was returned to Egypt. The status of the Gaza Strip and the West Bank remained in dispute at the turn of the 21st century.

Contemporary Global Issues

What are key challenges facing the world in the 21st century?

30.1 Introduction

In 1958, China under Mao Zedong launched the Great Leap Forward. This program aimed at advancing the country's economy by taking advantage of China's population of nearly 650 million people. It called for the intensive use of human labor, rather than heavy machinery, as a means of industrializing.

The program set high goals for the production of grain to feed China's workforce and increase exports. To achieve these goals, the government moved Chinese peasants onto huge collective farms. The government thought that the collectivization of farming could vastly increase China's agricultural output. However, collectivization had the opposite effect. Collectivization disrupted rural life, causing a huge drop in grain production. Combined with the natural disasters of droughts and floods, the effect on China was catastrophic. Between 1959 and 1962, some 20 million Chinese died, mostly of starvation.

In spite of having a wealth of resources, the Chinese economy only limped along. Politically, China isolated itself from the international community.

Starting in the 1970s, however, China undertook reforms. It reversed old policies and moved toward a market-oriented economy, with a robust private sector. By 2001, only the United States had a larger economy. China also carved out a role for itself on the world political stage. For example, it sought and gained a prestigious seat on the Security Council of the United Nations.

China's success, however, generated new problems. Rapid economic expansion led to severe environmental damage. A rising population, which reached 1.34 billion in 2010, tested China's ability to provide jobs for the young people and migrants from the countryside who were flooding the labor market. China's struggles are not unique. Population growth, resource management, economic development, and the search for peace and security are global issues that all countries must deal with in the 21st century.

Themes

Cultural Interaction Dominant cultures spread their ideas, values, technologies, and styles of life around the globe.

Political Structures Governments have become more democratic over time.

Economic Structures Capitalism has become the dominant economic system in the modern world.

Social Structures A country's population and how it is distributed affects family size and composition as well as people's general well-being.

Human-Environment Interaction A country's store of natural resources and how they are managed can have profound effects on its economy.

◀ This multistory shopping mall is located in Chengdu, China.



By 2011, world population had soared to 7 billion. Here, London commuters make their way through the Liverpool Street railway station. In 2010, the population of the metropolitan area of London was nearly 8 million people.

birthrate the number of births divided by the population during a given period, often expressed as births per 1,000 people in a given year

death rate the number of deaths divided by the population during a given period

life expectancy the average number of years people live within a given population

total fertility rate the average number of children women would give birth to in their lifetime if the current birthrate did not change

30.2 Changes in World Population

In 1960, the world's population reached 3 billion. By 2011, it had soared to about 7 billion. How high will it go? Some demographers, or experts in the study of human populations, believe that the number of people on planet Earth will level off sometime in the 21st century. The population will continue to rise in some countries as it falls in others. In either case, changes in world population will likely have profound effects.

Population Change The world population will continue to rise as long as more people are born each year than die. It will fall when, and if, the reverse becomes true. The rise or fall of the population in any one country, city,

or other defined area has a somewhat different basis. Four factors determine how a population changes in a given area. They are births, deaths, immigration (migration into), and emigration (migration out of). Births and immigration add to the population. Deaths and emigration subtract from it.

Countries with a high birthrate can gain population quickly, especially if the death rate is low. **Birthrate** is the number of births divided by the population during a given period. It is often expressed as births per 1,000 people in a year. **Death rate** is the number of deaths per 1,000 people in a year.

Related to the death rate is another concept, life expectancy. **Life expectancy** is the average number of years people live within a given population. Like the birth and death rates, this figure varies from country to country. In Afghanistan in 2010 a newborn baby had a life expectancy of around 47 years. A baby born in France had a life expectancy of around 80 years. Factors that affect life expectancy include disease, nutrition, sanitation, and access to medical care.

Related to the birthrate is the **total fertility rate (TFR)**. The TFR is the average number of children women would give birth to in their lifetimes if the current birthrate did not change. In many of the countries of Europe, East Asia, and North America the fertility rate has remained fairly low for decades. Generally, women in those countries give birth, on average, to two or fewer children in their lifetimes. In some of those countries, such as the United States, immigration keeps the population higher than it would otherwise be.

Population Distribution Demographers also study population distribution, or how a population breaks down into categories. One category a demographer may analyze is population distribution by geography. More people may live in one area of a country than in another. Demographers determine differences by measuring how densely various areas are populated. The number of people in a given land area is that area's **population density**.

The population of urban areas is much denser than that of rural areas. Today, urbanization—the process of forming and expanding towns and cities—is increasing. In 2008, for the first time, most of the world's people lived in cities. The percentage of people living in urban areas could grow to 70 percent by 2050.

Rural-to-urban migration has been a fact of life since the Industrial Revolution. Industries tend to locate in urban areas, where they have ready access to supplies, transportation, and labor. People migrate to cities, in large part, because that is where the jobs are. This is true in India, where some of the most densely populated cities in the world are located. One Indian city, Mumbai, has about 11,500 people per square mile. The American city of Chicago, in contrast, has a density of about 585 people per square mile.

Population distribution can also be examined in terms of gender. At its simplest, this involves counting how much of a country's population is male and how much is female. But demographers study gender statistics for many other reasons. They can use gender statistics to measure the status of men and women in a society. They look for unfairness in jobs, education, health care, politics, and other spheres of life. Where they find a lack of equality, demographers can urge the government to search for ways to close the gender gap.

Another way that population is distributed is by age. Age data can reveal the size of a country's youth population, its working-age population, and its elderly population. Too many young people can place a burden on parents and schools. Too few young people might lead to a future shortage of workers, which could limit economic growth. Too many elderly might place a strain on health-care and other social support systems.

Population Challenges In the late 1960s, the world experienced a population explosion. Between 1960 and 1999, the population doubled, from 3 billion to 6 billion. Demographers thought that dealing with this enormous growth would be the main population challenge facing humans in the future. In the 1990s, however, the growth rate began to slow. The population was still expanding, but at a less extreme pace.

population density the number of people in a given land area

India has some of the most densely populated cities in the world. In some Indian cities, many people live in crowded slums, such as this Mumbai neighborhood.



developing country a poorer country whose economy is less industrialized than those of highly developed countries

genocide actions taken with the intent to destroy an ethnic, racial, or religious group

Efforts to limit population growth in Rwanda have been largely unsuccessful. In 2011, the population was increasing at one of the fastest rates in the world. As a result, Rwanda is a very youthful country.



In 2010, the world's birthrate was 20 and the death rate was 8. That gap explains why the population of the world continues to increase. What it fails to show, however, is that the birthrate has been declining for several decades, as has the fertility rate. The death rate has also been falling, but not as rapidly. If these trends continue, annual births and deaths will one day be equal. The world's population will stabilize. Nevertheless, today, individual countries still face serious population challenges.

One basic challenge some nations face is simply having too many people. Birth and fertility rates remain high in many **developing countries**. The nations of the developing world have less industrialized economies than those of highly developed regions such as Europe. Their people, in general, have lower incomes and lower standards of living.

Developing countries often lack the resources to support their growing populations. China faced this problem as early as the 1950s. It could not grow enough food to feed its people. In 1979, China instituted a one-child policy to try to limit the population. This drastic program of birth control required Chinese couples to limit their families to a single child. The one-child policy has slowed China's growth rate, but it has created another problem. The one child in a family may be the sole caregiver of his or her aging parents and grandparents.

The problem of taking care of an aging population may, in fact, be the main demographic challenge of the 21st century. Over the past 50 years, women have been giving birth to fewer children on average, and improvements in agriculture and public health have allowed people to live longer. These trends have created an increasingly elderly population in many developed countries, such as Japan and Germany. Meanwhile, many developing countries, such as Rwanda, are still dealing with the challenges of a growing population.

Rwanda The recent history of Rwanda has made it difficult to limit population growth. In 1990, tensions between this Central African nation's two main ethnic groups, the Hutus and the Tutsis, sparked a civil war. In 1994, the governing Hutus perpetrated a **genocide**—the systematic killing of people from a particular ethnic, racial, or religious group—wiping out three quarters of the Tutsi population.

Because so many Rwandans had died in the war, many parents felt a need to have many children. But despite the death toll of the recent conflict, Rwanda still had too many people. Its limited natural resources could not support them all. For this reason, Rwanda's government made family planning a priority in an attempt to control the number of children in a family. It recognized that limiting population growth was a key to ending poverty and to developing the economy.

It instituted programs aimed at helping parents freely and responsibly determine the number of children that they could support and limit their family size.

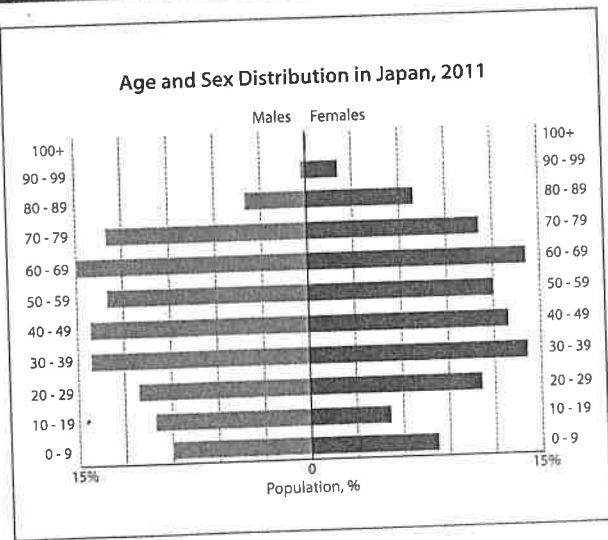
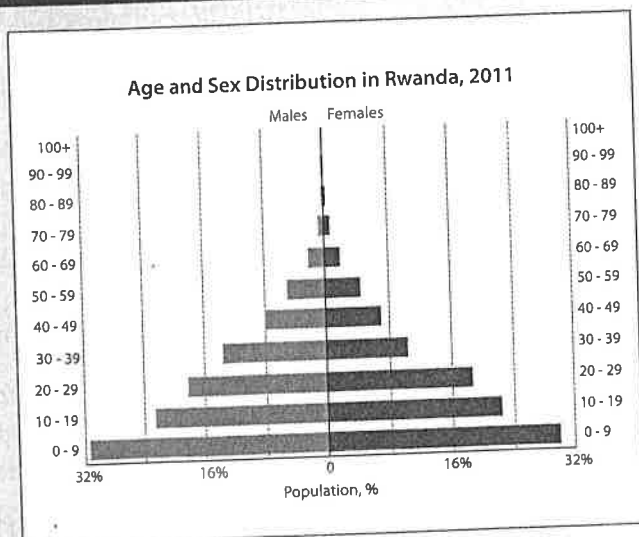
Rwanda's population density in 2011 was the highest of any country on the sub-Saharan African continent. The rate at which Rwanda's population was increasing was among the highest in the world.

Japan and Germany Two developed countries, Japan and Germany, face a different kind of demographic challenge. The people of Japan and Germany are not producing enough children to support an expanding elderly population. Children, in time, become workers. By paying taxes, workers contribute to the social programs upon which many retired people depend. Children also become parents and have children of their own. Countries with very low birthrates face the challenge of an aging—and even a falling—population. Demographers have projected that Japan's population will drop from 127 million in 2010 to 95 million in 2050. Germany faces the same situation.

The Germans and the Japanese have considered ways of dealing with their aging populations. They include encouraging people to have more children, raising the retirement age to keep people working, and adding more women to the work force. But the most controversial answer is immigration. Plenty of young workers from developing countries are willing to move to Germany or Japan. However, many Germans and Japanese have opposed immigration. One reason is national identity. Immigrants, they fear, might alter what it means to be "German" or "Japanese." A further barrier in Japan is the language, which is difficult for foreign workers to learn.

An age-sex graph, also known as a population pyramid, displays a population's age and sex composition. These pyramids show the populations of Rwanda and Japan in 2011. The graph for Rwanda, with its wide base and narrow top, is typical of a young population. In contrast, the shape of Japan's graph reflects an aging population. The birthrate in Japan is low, and a larger percentage of people survive into old age.

Population Pyramids for Rwanda and Japan



Source: U.S. Census Bureau, International Programs



A worker does the dirty work of operating an oil drill. In the 20th century, industrialized countries came to rely heavily on petroleum as an energy source. Once oil is extracted from the ground, it is used up forever. Because of this, oil is classified as a nonrenewable resource.

natural resource any naturally occurring material that people find useful or valuable

30.3 Managing Natural Resources

The conditions of life vary greatly from one country to another. Some people are able to enjoy prosperity. Others are forced to merely seek survival from one day to the next. The difference between these groups is often their access to resources. One of the key challenges of the 21st century is how to manage Earth's natural resources in a way that helps all humans thrive—while limiting their negative impact on the environment.

The Three Forms of Natural Resources **Natural resources** are naturally occurring materials that people find useful. They include water, soil, trees, minerals, and fossil fuels. They come in three basic forms.

Some natural resources are renewable. Unless human activities destroy them, they will replenish themselves in time. For example, a new forest will grow up after its trees have been harvested for timber.

Some natural resources are nonrenewable. Fossil fuels, such as coal, oil, and natural gas, took millions of years to form. But once humans use them, they are effectively gone forever.

Flow resources, the third form, have similar properties to renewable resources, except that they can be used only when and where they occur. They include sunlight, wind, and flowing water. Each serves as a source of energy—often called alternative, clean, or green energy.

Location of Earth's Natural Resources Nearly every substance on Earth, and within Earth's crust, is a potential natural resource. At any one time, however, humans value certain resources more than others. Wood was once the resource of choice for use as fuel. The arrival of steam power during the Industrial Revolution cut back on the value of wood and increased the value of coal. In the 20th century, industrial countries came to rely more on petroleum, or oil. Some other form of energy may one day replace oil.

The location of resources affects where people settle and helps determine their activities. Deposits of coal or oil or gold attract people and industries whose aim is to extract those resources. Towns and cities grow up along rivers or other sources of fresh water. Farmers migrate to areas with fertile soil.

Today, fossil fuels and certain minerals are among the most highly valued natural resources. The largest reserves of oil and natural gas are found in the Middle East. The largest quantities of gold come from China, the United States, Australia, South Africa, and Russia. The most productive diamond mines are located in Australia, the Democratic Republic of the Congo, Russia, and South Africa. A relative newcomer to the list of high-value minerals is tantalum, a key metal used in computers and mobile phones. It is mined in Australia, Brazil, and Canada.

Humans have always needed water. Today, supplies of fresh water are distributed fairly evenly across the globe. However, in the desert regions of Africa, the Middle East, Australia, China, and the United States, water is scarce. In other places, drinking water is polluted or limited by drought.

Land is also an indispensable resource. People live on it. They grow crops and graze animals on it. Some of the most productive farmland is in the United States, China, Brazil, India, Mexico, and Russia. Forested land covers vast areas in Russia, Brazil, Canada, the United States, and China.

How Resources Are Developed, Distributed, and Consumed

Some of the wealthiest countries in the world are those with a large quantity of highly valued, but scarce, natural resources. China, for example, controls more than 90 percent of the world's supply of rare-earth minerals. These elements have been called "21st-century gold" because of the key role that they play in wind turbines, fuel cells, compact fluorescent light bulbs, and high-tech weaponry. Another country, Saudi Arabia, has more than a fifth of the world's known oil reserves.

To take advantage of its resources, a country must have the technology and organization to develop and distribute them. Saudi Arabia, for example, has developed advanced technology for oil exploration, drilling, extraction, and transport. It has also designed a reliable system for marketing its product to refiners, who turn crude oil into gasoline and other products.

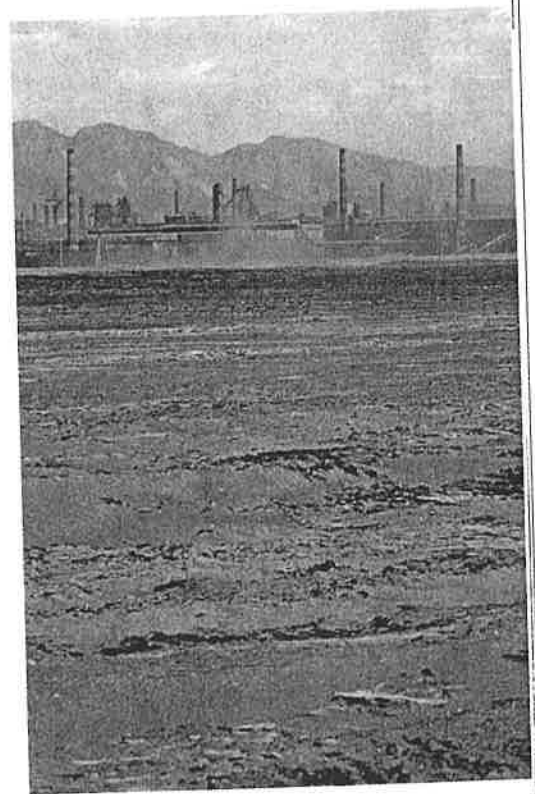
The major oil refiners, like many of the world's largest businesses, are **multinational corporations**. They have facilities—offices, factories, stores, warehouses—in multiple nations. Nearly all of these huge companies are based in the United States, Japan, or Western Europe. They include automakers, banks, retailers, and fast-food chains. Multinational corporations play a leading role in the global network of resource production, distribution, and consumption.

Unlike oil, land is a natural resource that occurs throughout the world. Land, if fertile, can be developed to produce food. Many countries have fertile land, but not all fertile land is equally productive. Through the mid-1900s, many poor countries in Asia and elsewhere experienced periodic famines. Their traditional farming methods could not produce enough food to feed growing populations. They needed help further developing their land.

Starting in the 1960s, with the aid of Western nations, Asia underwent a "Green Revolution." Farmers turned from manual to mechanized agriculture. They applied chemical fertilizers and pesticides. They planted high-yielding varieties of rice, wheat, and other crops. As a result, between 1970 and 1995, their production of cereals more than doubled. Incomes also soared, pulling many people in Asia out of poverty.

multinational corporation a company with facilities in more than one country

China controls a vast majority of the world's supply of rare-earth minerals. The region of Inner Mongolia, where this rare-earth mining facility is located, is an especially rich source. However, mining has stripped the landscape bare and polluted the environment with toxic waste.





The refusal of Arab countries to export oil to the United States in the early 1970s led to an oil crisis. Oil prices shot up, and gas was in short supply. Gas stations had to shut when they ran out of fuel. When stations did open, long lines of cars would form as customers waited to purchase the available gas.

Worldwide, the poverty rate among developing countries has been decreasing. As people in these countries gradually escape poverty, they consume more resources. They increase demand for non-local and imported goods, such as refrigerators, televisions, and cars. Today, developed countries consume most of Earth's resources by far. But rising demand from developing countries may lead to more intense competition—and conflict.

Competition for Resources Competition for vital resources such as oil and water has already led to international disputes. In 1960, five major oil producers—Saudi Arabia, Iran, Iraq, Kuwait, and Venezuela—founded the Organization of the Petroleum Exporting Countries, or OPEC. Their goal was to coordinate their oil policies in order to keep prices high. In 1973, Arab countries placed an embargo, or ban, on the United States to punish it for supporting Israel when Egypt and Syria invaded. The embargo led to much higher prices in the United States and severe shortages of gasoline and heating oil.

In 1980, Iraq invaded Iran in part to try to take possession of its rich oil fields. Eight years of bitter fighting ended in a ceasefire. Just two years later, in 1990, Iraq invaded another of its OPEC partners, Kuwait, and captured its oil fields. In what was called the Persian Gulf War, a coalition of countries led by the United States quickly forced Iraq out of Kuwait. The demand for oil, not only from developed, industrial countries but also from the developing world will likely continue to rise. This will only intensify the competition for this scarce, nonrenewable natural resource.

In desert regions, the basic need for water can also lead to conflict. Civilizations would likely not have arisen and prospered in arid lands, such as Mesopotamia and Egypt, without their being located near rivers. Water was, and still is, the key to producing enough food for a population. Today, especially in times of drought, countries in the former lands of Mesopotamia regularly squabble over rights to the waters of the Tigris and Euphrates rivers. But in Egypt, a potential clash over the Nile River involves not just its African neighbors but also distant—and much wealthier—states.

Before its waters reach Egypt, the Nile flows north through the fertile plains of Ethiopia and Sudan. Saudi Arabia, South Korea, China, and India have all obtained large tracts of land there for farming. They use the land to grow grain, which they ship home to feed their own people. Growing this grain takes a lot of water out of the Nile. This could eventually severely reduce the flow of the Nile through Egypt, which relies on the river to irrigate its own grain crops. Water shortages could one day lead to a food crisis in Egypt—and set off conflict in northeastern Africa.

Human Impact on the Environment In 1970, Americans celebrated the first Earth Day, a day for raising awareness of environmental issues. At the time, air and water pollution were widespread in the United States. Automobiles and factories spewed poisonous gases into the air. Cities fouled nearby waters with sewage and chemicals. Pesticides and fertilizers seeped into rivers and streams. Humans were ruining their environment and damaging their own health.

Similar problems in other countries prompted people around the world to become much more aware of the need to protect the environment. Earth Day has become an international event. As a result of this increased awareness, air and water are cleaner now, but much remains to be done.

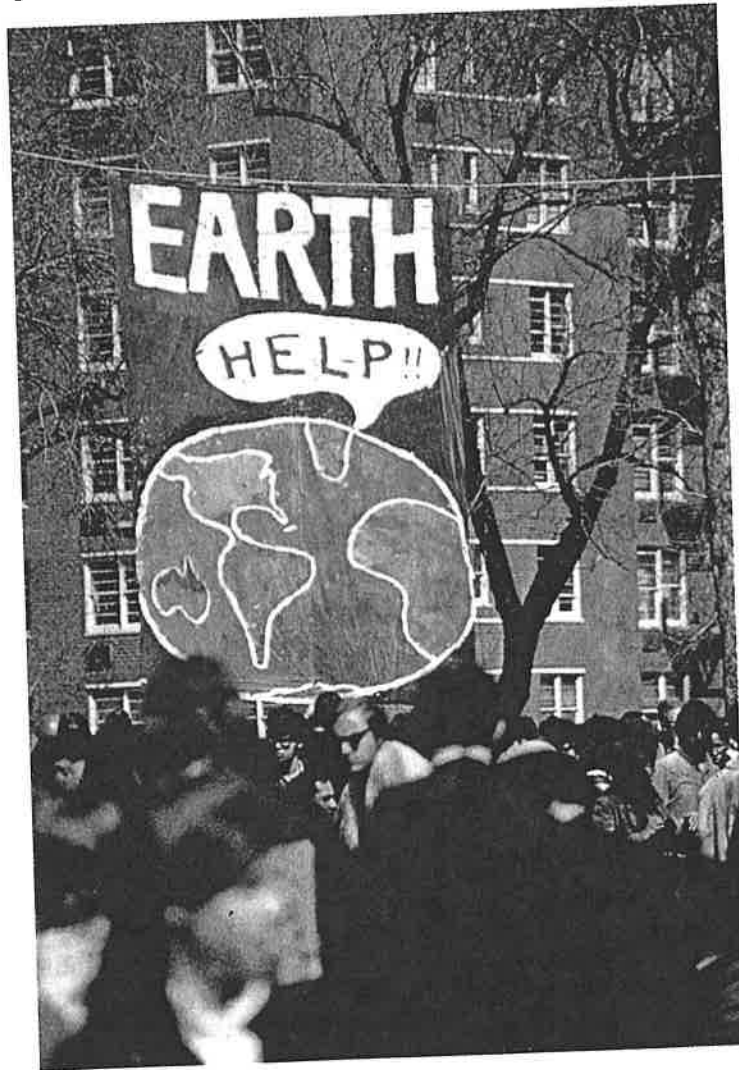
One ongoing environmental concern is global climate change. Many scientists consider it the key environmental challenge of the 21st century. They note that Earth's average temperature is rising. These scientists warn that global warming could alter climates enough to lead to a number of problems. They think that melting glaciers and polar ice sheets will cause sea levels to rise, flooding low-lying coastal plains and submerging some islands. Extreme weather events, such as floods, droughts, and hurricanes, will become more common. The yield of certain crops, such as rice and cereals, will drop, especially in tropical regions.

Most climate scientists believe that human activities, especially the burning of fossil fuels, play a significant role in climate change. These activities, they say, have introduced large amounts of carbon dioxide and other gases into the atmosphere since the start of the Industrial Revolution. There the gases act like a greenhouse, holding in the sun's heat and raising the temperature on Earth. This **greenhouse effect**, they argue, is a major cause of climate change. They warn that humans must cut back on the gases that produce the greenhouse effect or face dire consequences.

Some scientists, however, dispute that the earth is warming. Others believe that the warming of Earth is caused by natural climate cycles and not by human activities. Still, the present consensus of most of the scientific community is that global warming is a real, human-made phenomenon.

greenhouse effect the trapping of the sun's heat in the lower atmosphere, caused by the presence of carbon dioxide and other gases

By the late 1960s, concern about pollution and the destruction of the environment by industry was increasing, especially in the United States. American environmentalists organized Earth Day to increase awareness of the need to protect the environment. This photo shows a gathering in New York City on the first Earth Day, April 22, 1970.



Consumer goods are shipped around the world cheaply and efficiently using cargo ships. Goods are loaded into large metal shipping containers, which are made to a standardized size for ease of handling in ports across the globe. Here cranes help unload a cargo ship filled with shipping containers in the port of Stone Town, Tanzania.



30.4 Patterns of Global Economic Interaction

Global interaction is not a new phenomenon. By 1600, European states were carrying on a brisk trade with lands all over the world. However, the patterns of interaction have changed. More than ever before, modern countries depend on one another. They do not just trade—they form trading partnerships. They rely on the same communications and transportation systems. They are served by the same multinational corporations. Their economies are, in effect, intertwined.

globalization the process of increasing the interdependence of the world's economies

common market a group formed by countries within a geographical area with the goal of eliminating taxes on trade goods and allowing the free movement of labor and capital among its members

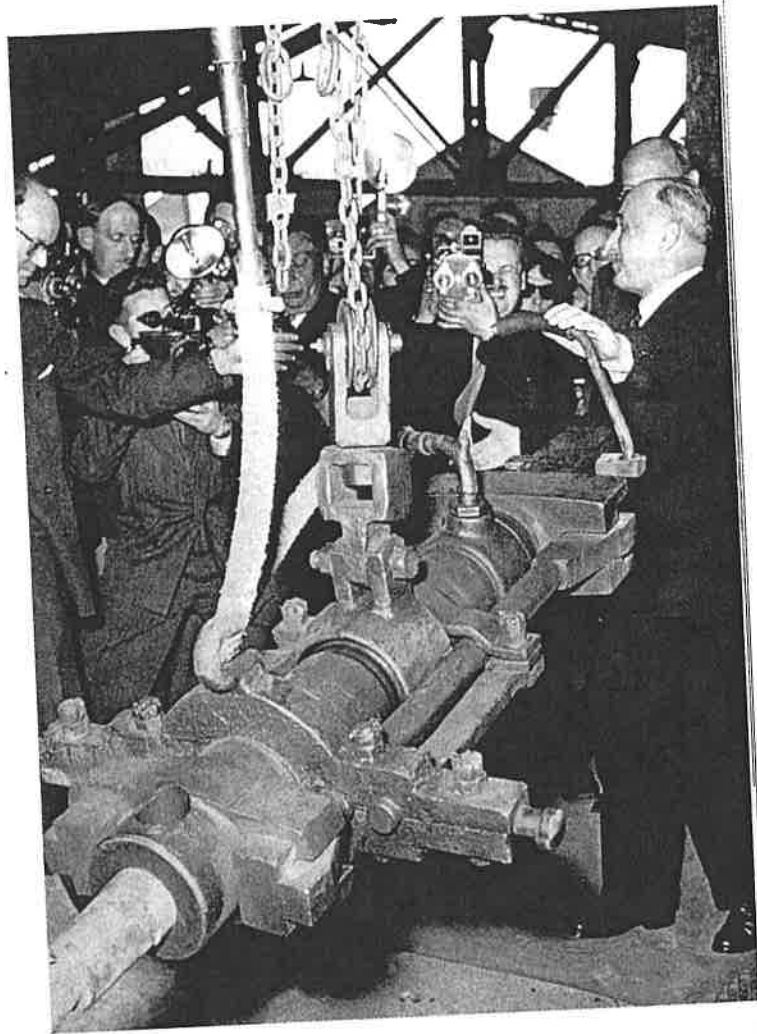
Economic Interdependence The process of increasing the interdependence of the world's economies is called **globalization**. In a fully globalized world, goods and services, money, and information would flow freely across national boundaries. The world's borders will most likely never be completely open, but the process has begun. Today, multinational corporations buy and sell goods whose parts often come from several different countries. Multinational banks fund international economic exchanges. Information travels across borders via the Internet and other high-speed communications networks.

Globalization has resulted largely from a quest for free trade. After World War II, the United States and many European nations came to believe that free and open trade would benefit world economies and help prevent future conflicts among nations. The United States, especially, promoted free trade as a strategy for helping European economies recover from the war and as a way to keep nations out of the Soviet Union's sphere of influence. In 1951, six countries in Europe formed the European Coal and Steel Community to create a common market for those two products. A **common market** is a grouping of countries that promotes lower trade barriers among its members. Through the years, the European Coal and Steel Community expanded, and it added a political dimension to its goal of unifying the continent economically. Today, it is known as the European Union (EU).

European success at stimulating trade sparked other moves toward free trade. In 1994, the North American Free Trade Agreement (NAFTA) went into effect. Under NAFTA, the United States, Canada, and Mexico agreed to create their own common market. Their purpose was to get rid of trade barriers, especially tariffs, on goods and services traveling from one of the three countries to another. The United States has since negotiated free trade agreements with more than a dozen other countries.

Similar agreements have blossomed among countries all over the globe, often with the help of the World Trade Organization (WTO). Founded in 1995, the WTO is an international organization run by more than 150 member-nations. Its main goal is to reduce trade barriers throughout the world. It does so by offering a forum for countries to negotiate trade agreements and providing a set of rules to guide international trade. If a trade dispute arises, the WTO will help settle it.

Trade agreements tie countries together in a dependent relationship. A key requirement for such an agreement is that all participants must be able to profit from that relationship. They do so, in part, by making the most of their comparative advantage.



In this 1953 photo, the French politician Jean Monnet presides over the ceremonial opening of the European Coal and Steel Community in a Luxembourg steel factory. Monnet was a leader in establishing the ECSC common market in the years after World War II.

Comparative Advantage A strong driver of free trade is an economic theory known as **comparative advantage**. The theory states that a country that can produce a good more efficiently than others has an advantage compared with its competitors. A country might derive an advantage from its geographic location, fertile farmland, mineral wealth, or highly educated workforce.

Free trade agreements reflect the real-life application of this theory. They allow countries to sell their trading partners the goods and services that they can produce more cheaply, and to buy from their partners goods and services that they need but cannot produce as cheaply.

From the 1800s well into the 1900s, industrialized countries grew wealthy from selling manufactured products. They could produce finished goods more cheaply and efficiently than less developed countries. But they relied on those countries for raw materials. Britain, for example, had a comparative advantage over Egypt in the production of textiles. Egypt, though, could produce cotton more efficiently than Britain. When those two countries engaged in trade, each made the most of its comparative advantage.

comparative advantage the theory that in international trade, countries should specialize in the goods that they are most efficient at producing