Chapter 18
SS7E5a, b
Israel: Mixed market economy. Because at war with neighbors, built strong army, relied on aid from U.S., government has strong role in economy. Most diversified in M.E. Mining, diamonds, agriculture, service industry for tourism, grows own food.
Page 92 m/c
A. diversified economy
B. immigration
C. mixed economy
D. national security
E. service industries
F. water
1. Two challenges in Israel's economy are __ and __.
2. Because of tourism, many Israelis work in __.
3. Israel has a __ because it has many important industries.
4. Israel has a __ because the government and private enterprise both have roles in it.
Israel is trying to decide if it should import more food to conserve __.

Saudi Arabia: Became nation in 1932 was traditional economy (trading.) Changed with oil discovery 1930s. Monarchy changed economy to command. Oil-based economy - 75 percent. Since 1980s began diversifying. Private enterprise (businesses) in power generation and natural gas, as they move toward mixed market economy. Educate youth.

Page 92 Chronological order A - D

1. Saudi Arabia realizes oil won't last forever.
2. Oil is discovered in Saudi Arabia.
3. Saudi has a traditional economy.
4. Saudi Arabia is working to educate its youth in necessary skills.

Turkey: Mixed market economy since 1980s. In 1923 under Mustafa Kemal, Turkey became a republic with command economy. Government controlled dams, electric, ports, railways, roads. Modernization occurring with private enterprise in farming, textiles, manufacturing.

Turkey considered poor and wants to join European Union for loans and greater trade.

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A. Mixed economy
B. Mustafa Kemal
C. European Union
D. Private enterprise
E. Command economy

1. The government controls the total economy.

2. In Turkey, agriculture, textiles and manufacturing are examples of this.
3. First ruler of Turkey as a republic.
4. Private enterprise combined with government-controlled resources.
5. Could help Turkey with funding and loans.

Country	Type of Economy	What the Government Controls	Examples of Private Enterprise
Israel			
Saudi Arabia			
Turkey			

Chapter 19
SS7E6 a-d
Specialization encourages trade. M.E. countries specializing in oil include Saudi Arabia, Iraq, Iran, Kuwait (export millions of barrels a day.)
U.S. imports this oil because it needs it. The U.S. exports food, medicine and raw materials to the M.E. Turkey exports coal, textiles, food to Europe, which sends back transportation materials to Turkey. Israel imports rough diamonds and exports finished cut and polished diamonds.
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Canada’s climate is too cold to grow pistachios, so it imports them from Iran. In turn, Canada exports telecommunications instruments and medical items to Iran because Iran has insufficient technology in place to manufacture them. Cite specific textual evidence to show how specialization helps these two countries.
Trade Barriers - countries set up trade barriers to restrict trade because they want to produce and sell their own goods.
Tariffs - taxes on imported goods (higher cost, foreign cars) Demand increased for goods produced at home.
Quotas - restrictions on amount of goods imported into country. Can create shortages that cause prices to rise.
Trade embargoes - forbid trade with another country.
Examples in ME:
U.S. embargo against Iran because of terrorism.
When Iraq invaded Kuwait in 1990, U.N. embargoed exports to only enough oil to feed people. U.N. hoped to force Iraq to pay for war destruction and destroy nuclear, chemical and biological weapons.
Sept. 11, 2001 attack on U.S. the U.N. embargoed Afghanistan banning sale of weapons to the country by members.
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A=True

B=False

1. The United States had an embargo against Iran because of Iran's activities in terrorism.
2. The United Nations placed an embargo against Saudi Arabia because of its invasion of Kuwait.
3. Saudi Arabia lifted an embargo against Israel in order to join and important world trade organization.
4. Quotas restrict the amount of a good that can come into a country.
5. Tariffs forbid trade with another country.
6. Trade barriers promote trade between countries.
7. A tariff is a tax on an imported item.
8. Quotas can lead to shortages, which can cause prices to rise.

OPEC - Organization of Petroleum Exporting Countries. Founded 1960 by Iran, Iraq, Saudi Arabia, Kuwait, Venezuela. Sets prices and amount of oil countries can export to stabilize market and ensure supply. Helped control prices, increase demand, enrich countries. In Arab-Israel War of 1973 stopped exporting oil to countries that supported Israel causing gasoline shortages in the U.S.

Currency - type of money a country uses. International trade requires currency exchange between countries

(U.S. dollar vs. British pound.) In order to trade, need foreign exchange to pay for goods in foreign country.