
GLOBAL TRADE IN ZOR, UTOPIA, AND ORLON

Directions: Read the following case, and answer the questions that follow it. Indicate which country(ies) is (are) identified by writing “Z” for Zor, “U” for Utopia, and “O” for Orlon. When you have finished, ask your instructor for a copy of the answer guide.

CASE

Businesses in the fictional countries of Zor, Utopia, and Orlon have not begun to trade across national boundaries. Economic conditions in these countries are as follows:

- A. Zor’s economy depends upon high technology. Each home has a flatscreen television, several laptop computers, two to five telephones, a home theater, and a sophisticated burglar alarm system.

The labor force is skilled in the area of electronics. It depends on mass transportation to and from work because of a shortage of fuel. Absenteeism is a problem, and sales of electronic equipment have dropped 15 percent a year for the past two years. Unemployment is increasing.

The country has few beaches, resorts, or fishing lakes. Its shipping industry is practically idle. However, its military is highly developed.

- B. Utopia, a large country, is basically agricultural. Its fields provide plenty of grain for cattle, and its many rivers and lakes provide year-round fishing.

The people of Utopia are technologically unskilled and must spend most of their time taking care of the production and preparation of their food. With little income and leisure time, they seldom enjoy the beaches that surround the country.

- C. Orlon is a small, but rich, country. It has an abundance of oil and coal but little technology for refining them. A few rich landowners have small oil wells, but most of the resources remain buried.

QUESTIONS

1. Which country has manufactured goods that would be useful to consumers in other countries?

2. Which country has resources that would be useful to consumers in other countries? Specifically—
_____ a. Coal and oil
_____ b. Skilled labor
_____ c. Land, lakes, and beaches

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3. Which country could benefit from trade with other countries? Specifically—
- ☐ a. Needs markets for manufactured goods; needs jobs for its citizens; needs recreation for citizens; needs gas for transportation
 - ☐ b. Needs manufactured goods to refine oil and mine coal; needs exports to improve standard of living
 - ☐ c. Needs manufactured goods to improve standard of living; needs tourism trade for use of lakes and beaches; needs manufactured goods to increase agricultural output
4. Which country(ies) would benefit from the following gains of global trade:
- ☐ a. A better variety and quantity of goods and services
 - ☐ b. An improved standard of living
 - ☐ c. Availability of scarce resources
 - ☐ d. Lower prices for goods because of competition and/or expansion of factories
 - ☐ e. Expansion of technology among countries
 - ☐ f. Increased receipts for shipping industry and tourism
5. After a five-year period of trade among the three countries, the balance of trade for each country is as follows:
- Zor's exports were 10 million clams; its imports, 8 million clams.
 - Utopia's exports were 5 million shells; its imports, 8 million shells.
 - Orlon's exports were 8 million chips; its imports, 7 million chips.
- ☐ a. Which country(ies) had a trade deficit?
 - ☐ b. Which country(ies) had a trade surplus?
6. The value of the shell is strong, and the economy of Utopia needs a boost. Place a check mark by the steps that the government could take to improve the trade picture for Utopia:
- ☐ a. Set tariffs on all imports.
 - ☐ b. Establish quotas on goods that can move into or out of the country.
 - ☐ c. Meet with representatives from Zor and Orlon to discuss ways to improve the trade among them.
 - ☐ d. Assist exporters in finding markets for their goods.
 - ☐ e. Promote tourism to the other countries.
 - ☐ f. Adjust the value of the shell.
 - ☐ g. Encourage the development of technology and the service industries.