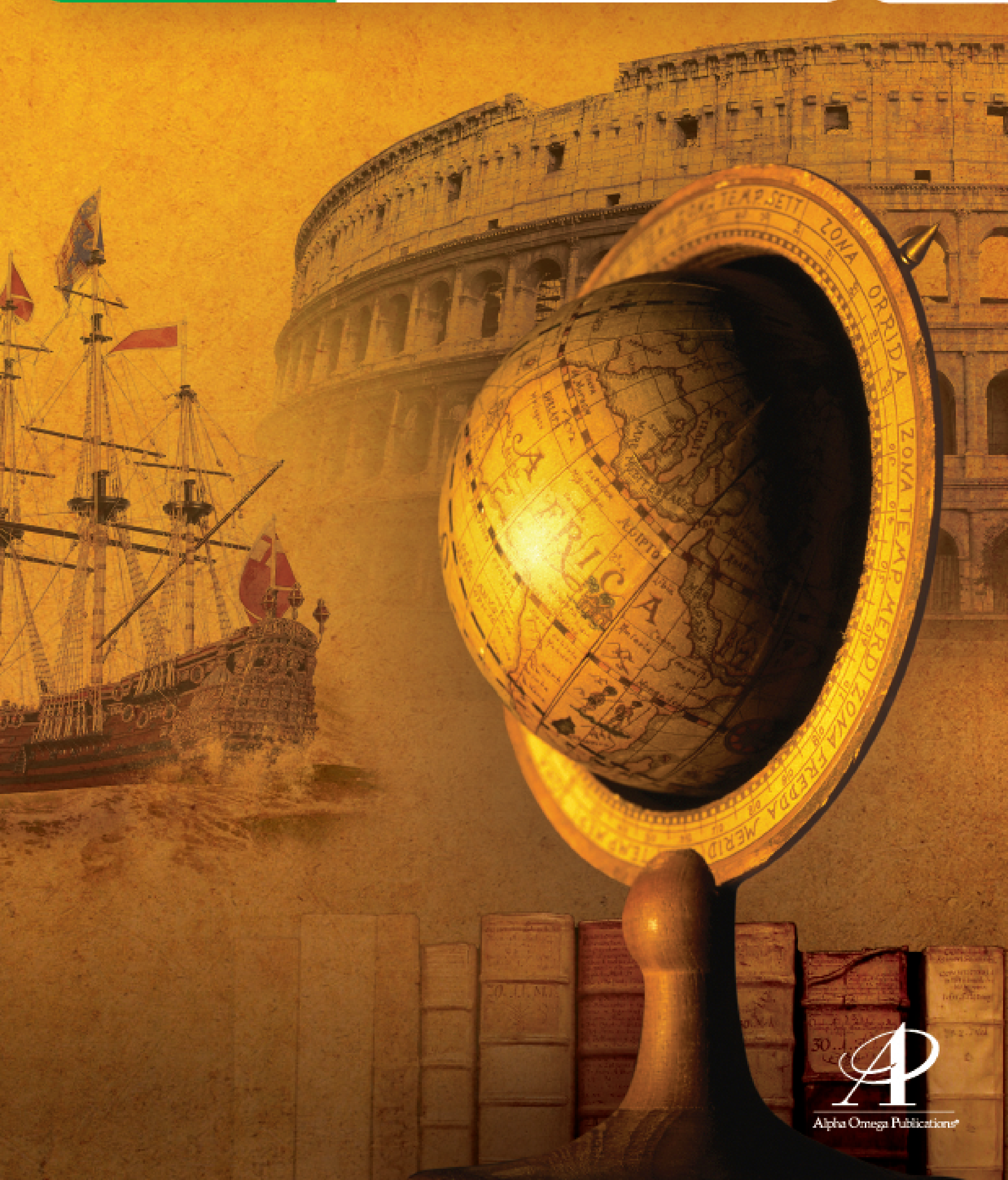
LIFEPAC® History & Geography



Alpha Omega Publications®

HISTORY AND GEOGRAPHY 1210
GEOGRAPHY

CONTENTS

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HISTORY 1210
GEOGRAPHY AND REVIEW

OBJECTIVES

Read these objectives. The objectives tell you what you will be able to do when you have successfully completed this LIFEPAC®.

When you have finished this LIFEPAC, you should be able to:

1. Explain what the "euro" is and how it affects the European economy.
2. Name the primary "financial centers" of the world and where they are located.
3. Explain some helpful hints in the area of international travel.
4. Identify the states in the U.S. and name their capitals.
5. Explain the implications of America's trading neighbors, Mexico and Canada.
6. Explain the history of Israel as a nation and its ties with the U.S.
7. Name some of Christianity's heroes and give a brief summary of their lives.

Survey the LIFEPAC. Ask yourself some questions about this study. Write your questions here.

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I. EURO AND INTERNATIONAL FINANCE

SECTION OBJECTIVES

Review these objectives. When you have completed this section, you should be able to:

1. Explain what the "euro" is and how it affects the European economy.
2. Name the primary "financial centers" of the world and where they are located.

VOCABULARY

Study these words to enhance your learning success in this section.

Austria A country of 8 million located south of Germany and the Czech Republic; capital city is Vienna

Belgium A nation along the North Sea whose capital city is Brussels

Finland A republic of 5 million whose capital city is Helsinki

France Has a population is just over 58 million people; capital city is Paris

Germany A federal republic of 82 million people; Berlin is the capital city

Greece Country of 10 and a half million, located on the Aegean Sea due west of Turkey; nation's capital is Athens

Ireland Population of 3 and a half million; capital city is Dublin; located in the north Atlantic Ocean

Italy A "boot-shaped" country of 57 million people; capital city is Rome

Luxembourg Founding member of the EU as well as its smallest member; capital city is Luxembourg City

Netherlands Located between the North Sea and Germany; national capital is Amsterdam

Portugal Located next to Spain; population of almost 10 million; capital city is Lisbon

Spain A country of almost 40 million; located just south of France; capital is Madrid

Note: All vocabulary words in this LIFEPAC appear in **boldface** print the first time they are used. If you are unsure of the meaning when you are reading, study the definitions given.

THE WORLD OF THE EURO

European Union finance ministers announced "E-Day"—January 1, 2002. That day marked the official introduction of seven different bank notes and eight coins in euro, the unit of currency which became common among a dozen European countries.

Why bother with the euro? Aren't francs good enough for **France**? Don't the Germans want to keep their financial independence by keeping the mark? Many nations in Europe felt the need for more stability for their economy. Concerns with wild fluctuations in the worth of their country's money led some nations to join in the effort for a unified unit of currency. Other nations wanted to strengthen themselves in the world trade market, and being part of a powerful economic bloc seemed like a wise choice. The number of nations joining together grew through the years, and the euro has become a reality. The introduction of the euro has helped construct a single financial market of the European Union (EU). Although the change to the euro actually began its initial steps in January of 1999, not all of the 11 European countries made the change, nor were the changes complete. The official conversion took place in 2002.

The euro has successfully stabilized exchange rates. One of the easiest ways to explain the European economic situation when it had diverse currencies is by examining a model here in America. Pretend that every state had their own currency. In Rhode Island, the standard unit of currency was a "red." In Pennsylvania, a "pine" was the main unit. In Florida you would get a "shell." Whenever you would travel, you would need to remember that your money must be exchanged across every state border. Besides finding out that your "reds" were not as strong as "shells," you discover that exchange fees were costing you money. Trade and travel would become troublesome because of the exchange that would be needed for 50 different states. If you can imagine that scenario, you can understand why the United States has the dollar as the national standard. This was the thinking behind the incorporation of the euro: unify the money unit across the continent and eliminate fluctuations between the currencies of the EMU (European Monetary Union) countries. Now, importing and exporting companies within the EMU area enjoy safer business dealings since they no longer have to face exchange rate risks.

Even vacation traveling within the EU (European Union) no longer has exchange-rate problems. Before the euro considerable time and expense was spent when a tourist crossed the borders within what is now the European Union. Often, he would exchange money as much as four or five times a day. In many cases, he could end up losing as much as 50% of the value of the original amount—without having spent anything! Eliminating border exchanges has relieved the traveler of this problem.

The consumer can compare markets more easily. A shopper can compare prices between countries if there are no complicated rate calculations to be made. For instance, if the euro is the standard currency, comparisons between the prices of furniture in **Greece** and France can be seen at a moment's glance without having to figure out which country has a stronger monetary unit at the moment. The market becomes more "transparent," encouraging competition in the consumers' favor.

The corporate world eliminates a lot of extra paperwork. International businesses find the bookkeeping of different currencies costs their companies money. The euro has simplified the work of the bookkeepers, resulting in savings for the businesses.

The euro may partially replace the dollar of the sole position as accounting unit in world trade. Previously European companies were dependent upon the U.S. dollar as the standard unit for accounting in trade. Now, the European economy will become less dependent upon the uncertainties of exchange rate variances against the dollar. The European economy will slowly grow independent of the dollar, as they use the euro as their own standard. Furthermore, the new euro money market will be much more streamlined and powerful than the combined European markets by themselves, which will attract many investors. Many businesses which have regularly invested in the U.S. dollar will be re-evaluating to consider whether they are wiser to invest in the euro. The independent European central bank will work to keep inflation as low as possible within the EMU countries, assisting in trade.

Originally, on January 1, 1999, there were 15 European Union (EU) countries with 11 that were part of euroland. Euroland is the name for the countries that joined the European Monetary Union (EMU) in an effort to strengthen their economic well-being. Greece joined the EMU on January 1, 2001, enlarging its membership to 12. These countries agreed to surrender their financial independence and adopt the euro as their currency. As of late 2006 there were 25 European Union (EU) member countries with 12 that were part of euroland.

The following nations are among the EU countries who are current members of the euro currency movement:

France has a population is just over 58 million people. France is a founding member of the EU and has a republic type of government, meaning the people are represented in the nation's capital by elected delegates. The French capital is located in the city of Paris. Some of the natural resources of France include coal, iron ore, and bauxite. The country's main religion is Roman Catholicism, with over 90% of French citizens holding claim to the Catholic faith. Approximately 2% of the population profess to be Protestant.