

## INTRODUCTION

An explosion in the world economy has taken place in the years since this book was first published. Many new countries and economies have been created, trade wars have broken out, trade blocks have been formed, and an increasing number of jobs have become dependent on global markets.

Every day, it seems, we hear more and more about the global economy. Phrases like “economic sanctions,” “24-hour global trading,” and “free-trade agreements” appear regularly in our newspapers and magazines and on television.

Whether we are willing to admit it or not, the world economy has become an integral factor in our daily lives. From the imported alarm clock that wakes us up in the morning to our retirement and college funds being invested abroad while we sleep at night, our lives are increasingly influenced by this new animal called the “World Economy.” Whoever we are—environmentalists or business people, homemakers or college students—we need to understand the basics of the world economy if we are to be effective citizens and consumers.

The first step is to become economically literate. For many of us, however, the study of economics has been an exercise in futility, full of obscure graphs and equations, and hopelessly out of touch with our daily lives. This doesn't have to be the case.

In fact, the world economy is really no more complicated than the domestic economy we experience every day. We don't think twice about crossing the street to deposit our money in a bank that gives a better interest rate than the one next door. In an expanding global economy, we shouldn't think twice about

crossing borders to invest our money or sell our goods and services.

By understanding the basics of the world economy, we can begin to make better political and economic decisions; and with economically literate voters pushing them on, our politicians will start making more rational economic decisions, leading to a more prosperous and perhaps even more environmentally sound world in the years to come.

This is not a “get-rich-quick” book. If you want to make a fortune in international finance, you will have to look elsewhere. However, it is important to understand the basics before undertaking any investment, so this book could be a great first step to any profitable venture into the global financial marketplace.

Many of the comments and suggestions I received after publishing the first edition of this book have been incorporated into this edition. Readers of the first edition frequently cited the book as instrumental in their first steps in the global marketplace—as investors, policy makers, or successful international entrepreneurs. Understanding the basics is always a useful first step in any new venture, and this is certainly the case in the often confusing world of international trade and finance.

This book is meant to be fun and accessible. It was fun to write and it should never stop being fun to read. No graphs or equations are used, and statistics are always accompanied by examples to give meaning to the numbers. *A Beginner's Guide to the World Economy*, as the name implies, covers only the basics. The complicated economic theories and principles will be left to others.

Although it may be useful to start with the general economic concepts found at the beginning of the book, each section can be read individually. These sections can be read from front to back, from back to front, or at random. The glossary at the

end can be used for quick reference in the future, when unfamiliar terms reappear in the news or come up in daily conversation.

Remember, the world economy can be easily understood. Once we have understood the basics, the global economy can become a great adventure, where foreign lands and peoples interact in fascinating ways. It just needs to be simply explained. Enjoy it!