



ECONOMIC ACTIVITY 10

Funding Economic Growth in Developing Nations

A new kind of religious group was born in the early Christian Church. Men called monks banded together in religious communities where they tried to live a spiritual life. Many tried to do good deeds and be examples of Christian living. Later, women called nuns formed similar communities. Both groups built churches, hospitals, and schools and served as missionaries of their faith around the world.

Many developed nations today have a history of coming to the aid of developing nations who are poorer. Developed nations may finance new industries, build railroads and highways, and modernize agriculture to help. Developing nations may ask for specific types of help from other governments. Such aid may take the following forms.

Economic assistance: loans and grants that add to a nation's buying resources

Aid to people: food, clothing, medical supplies

Technical help: services of engineers, technicians, teachers, health care professionals, and others to teach skills in developing nations

Military aid: economic and technical assistance give to a nation's armed forces

Directions: Use the information above to complete the following questions.

1. What type of aid would the U.S. offer to a country where children are dying of disease?

2. What type of aid would a country with rebels attacking the people ask for?

3. What would a developing country probably buy if they received economic assistance?

4. What kind of aid could the U.S. offer to a country that wants to build a railroad?

5. Besides giving medical supplies to a country, what other medical help could the U.S. give?



ECONOMIC ACTIVITY 11

Using Arbitration

Muhammad was a prophet of Islam and an able Muslim ruler in the A.D. 600s. He applied the laws he believed God had given him to all areas of life. He also used those laws to settle disputes among the people. In that sense, Muhammad served as an arbitrator, or a person who has the authority to decide the outcome of disagreements.

Collective bargaining is the process used by employers and unions to negotiate worker pay, benefits, working conditions, and work rules. Sometimes the negotiations break down when employer and union cannot agree. If that happens, both parties may agree to submit their cases to an arbitrator or referee. The referee considers each side's arguments and settlements made by other companies in the same industry. The referee then dictates an agreement that both sides must accept.

In a dispute between Big Board, Inc., the state's largest producer of finished lumber, and its 200 workers represented by their union, the referee received the following information:

- The average industry wage is \$11.00 per hour; Big Board now pays \$12.00.
- Employees have not had a raise in two years.
- Big Board and other companies have a 40-hour work week.
- Other companies pay double time for weekend work. Big Board only pays time and a half.
- Big Board has only one 15-minute break, but longer lunch times than its competitors.
- Most of the industry has 7 or 8 paid holidays, complete health insurance, no dental insurance, and a \$100 uniform allowance.

Directions: Assume that you are the referee in this dispute. Which demands and offers below seem reasonable or unreasonable? Complete the chart with your decision on each item.

	Union Demands	Management Offers	Agreement
Wages	10% raise or \$13.20/hour	3% raise or \$12.36/hour	
Hours	36-hour week	40-hour week	
Overtime	Double time after 36 hours	Time and a half after 40 hours Double time on weekends	
Breaks	15 minutes, morning and afternoon	15 minutes in the afternoon	
Paid Holidays	10	8	
Health Insurance	All paid by company	First \$250 paid by employee	
Dental Insurance	All paid by company	First \$100 paid by employee	
Uniform Allowance	\$200	\$50	