

Connected Market Choices

Trace how trade links U.S. prices, producers, and consumers to the world.

SS.8.E.3 "Understand the fundamental concepts and interrelationships of the United States economy in the international marketplace."

NAME _____

DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline three details that show a connection between the U.S. economy and another country. Circle the words or phrases that explain the effect of each connection.

Trade Links Markets

- ① Every morning, a U.S. grocery store sells bananas grown in Ecuador and coffee beans from Colombia. In return, U.S. farmers and factories sell products abroad, including wheat, aircraft, and medical equipment. This exchange is international trade. Countries trade because climate, resources, workers' skills, and technology make some goods easier or less costly to produce in one place than another. When each country specializes in products it can make relatively efficiently, buyers gain more choices and lower prices.
- ② Trade also links prices in the United States to decisions made elsewhere. If a drought reduces a coffee harvest in Brazil, world coffee supply falls. U.S. roasters may pay more for beans, and shoppers may see higher prices. Currency values matter too. When the dollar buys more of another country's currency, imported goods can cost less for U.S. buyers. But U.S. products may become more expensive for foreign buyers, which can reduce exports from U.S. firms.
- ③ Governments can shape trade through rules such as tariffs, which are taxes on imported goods. A tariff can raise the price of an imported product, helping some U.S. producers compete. Yet it can also raise costs for U.S. companies that use imported parts. For example, a bicycle company may buy gears from another country and assemble bicycles in Ohio. Higher gear costs could lead to higher bicycle prices or fewer sales. Trade decisions therefore affect workers, businesses, consumers, and relationships with other nations.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Why might countries trade instead of producing every product for themselves?

2 Explain the chain of effects from a drought in Brazil to the price a U.S. shopper may pay for coffee.

3 How can a stronger dollar affect imported goods and U.S. exports?

4 What is one benefit and one possible cost of a tariff for the U.S. bicycle example?

3 YOUR TURN _____ Your own words

Choose an imported product that is not named in the passage. In 3 or 4 sentences, explain how either a supply disruption or a change in the value of the dollar could affect its U.S. price and one U.S. group, such as consumers, workers, or a business.

PART 1 • READ AND MARK

Underline three details that show a connection between the U.S. economy and another country. Circle the words or phrases that explain the effect of each connection. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Why might countries trade instead of producing every product for themselves?	Countries have different climates, resources, worker skills, and technology. They can specialize in goods they produce relatively efficiently or at lower cost.
2	Explain the chain of effects from a drought in Brazil to the price a U.S. shopper may pay for coffee.	A drought can reduce Brazil's coffee harvest, lowering world coffee supply. U.S. roasters may pay more for beans, so shoppers may pay higher coffee prices.
3	How can a stronger dollar affect imported goods and U.S. exports?	Imported goods can cost less for U.S. buyers because the dollar buys more foreign currency. U.S. products can cost more for foreign buyers, which may reduce exports.
4	What is one benefit and one possible cost of a tariff for the U.S. bicycle example?	A tariff may help some U.S. producers compete by raising the price of imported products. It can raise the bicycle company's cost for imported gears, leading to higher bicycle prices or fewer sales.

PART 3 • YOUR TURN (SAMPLE ANSWER)

Suppose a shortage reduces the supply of computer chips imported into the United States. U.S. electronics companies may pay more for chips. They may raise the prices of laptops, so consumers could pay more. The shortage in another country affects a U.S. business and its customers through trade.

Accept any imported product not named in the passage and a logical, accurate cause-and-effect explanation. The response should connect an international change to a U.S. price and to at least one U.S. group.