Connected Markets

How global trade links economies and increases competition

8.7e "Increased globalization has led to increased economic interdependence and competition."

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline two details that show economic interdependence. Circle two details that show how businesses compete in global markets.

One Product, Many Places

(1) Imagine a Buffalo store receiving bicycles assembled in the United States. Their parts came from several places: aluminum from Canada, gears from Japan, and rubber from Thailand. A delay at a port or a shortage of one part can slow the entire shipment. This connection among countries is called economic interdependence. Businesses, workers, and customers in one place can be affected by decisions, prices, or problems in another place. Globalization has made these links faster and more common.

(2) Interdependence can bring lower prices and more choices, but it also creates risks. If a factory overseas closes, a New York company that needs its materials may cut hours or seek a new supplier. In 2021, congestion at major ports and shortages of computer chips delayed production of cars and other goods in the United States. A problem in one part of a global supply chain therefore can affect jobs, schedules, and prices far away.

(3) Globalization also increases competition. A clothing maker in New York may compete with companies that produce similar shirts in other countries. To attract customers, firms may improve quality, lower prices, or develop new products. Multinational corporations, which operate in more than one country, can choose where to buy materials, build factories, and sell goods. Their decisions can create jobs in one community while reducing demand for workers or businesses in another. Governments and workers must adapt to these changing global markets.

2 ANSWER WITH EVIDENCE

Use the passage

1. What two bicycle parts in the passage came from countries outside the United States? Include each part's country of origin.

2. How could a port delay or a shortage of one part affect a business in the United States?

3. State one benefit and one risk of economic interdependence described in the passage.

4. How can a multinational corporation's decisions affect workers in different communities?

3 YOUR TURN

Your own words

Invent one product made through global trade. In three or four sentences, name the countries and their roles, explain a possible supply problem, and describe how the company could compete for customers.

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PART 1 · READ AND MARK

Underline two details that show economic interdependence. Circle two details that show how businesses compete in global markets. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What two bicycle parts in the passage came from countries outside the United States? Include each part's country of origin.	**Accept any two: aluminum from Canada, gears from Japan, or rubber from Thailand.**
2	How could a port delay or a shortage of one part affect a business in the United States?	**It could slow shipments or production, affect schedules, and possibly affect prices or jobs.**
3	State one benefit and one risk of economic interdependence described in the passage.	**Benefits include lower prices and more choices. Risks include supply disruptions that can affect jobs, schedules, or prices.**
4	How can a multinational corporation's decisions affect workers in different communities?	**Its decisions can create jobs in one community while reducing demand for workers or businesses in another community.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A phone could use chips made in Taiwan, be assembled in Vietnam, and be sold in New York. A chip shortage could delay production and raise prices. The company could compete by improving the phone’s features.

Accept accurate examples that show a product or its inputs moving among countries, a realistic effect of a disruption, and a valid competitive action. Students may use different countries, products, and business responses.