Connected by a Phone

Trace gains and disruptions through a global supply chain

MWH.C.7.7.C "Describe the challenges and impact of trade and increasing economic interdependence on modern economies."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline two gains from cross-border phone production, circle two risks, and number three steps that show how a disruption spreads between economies.

The Many Places Behind One Phone

1 Think of the phone in a student's pocket. Its design may come from one country, its chips from factories in another, and its final assembly from workers somewhere else. A phone company trades across borders because different places offer specialized skills, materials, and manufacturing capacity. This network can lower production costs and give buyers more choices. It also creates jobs for suppliers and assembly workers in several countries. When factories buy parts from one another, an order placed in one economy can support wages and spending in another. These links are a form of economic interdependence.

2 But the same links can carry a shock across borders. Imagine a storm shuts down a major chip factory for weeks. Phone assemblers abroad cannot finish as many devices, even if their own factories and workers are ready. Stores receive fewer phones, and prices may rise when demand stays strong. Workers at an assembly plant could lose hours, while a repair shop might face longer waits for replacement parts. A problem that began at one factory has now reached firms, workers, and customers in other economies. Depending on a small number of suppliers can make this risk greater.

3 Companies and governments have choices, but each brings costs. A phone maker might buy chips from factories in several countries so one closure does not stop all production. Keeping extra chips in storage could also help during a delay, but storage and unsold supplies tie up money. Making every part at home might reduce some foreign supply risks, yet it could raise costs and limit the benefits of specialized trade. Countries can gain from trading while still facing disruptions they cannot fully control. The challenge is to keep the gains of interdependence without ignoring who bears its risks.

2 ANSWER WITH EVIDENCE

Use the passage

1. Describe two ways cross-border phone production can benefit economies.

2. How could a storm at a chip factory affect workers and customers in other countries? Trace the chain of effects.

3. Why does relying on a small number of chip suppliers increase the economic risk of a factory closure?

4. Compare buying chips from several countries with making every part at home. What does each choice offer, and what might be lost?

3 YOUR TURN

Your own words

A drought cuts the cocoa harvest in a country that exports cocoa. A bakery in your town imports cocoa for its cookies. In four sentences, explain how the drought could affect people in both places, then propose one response for the bakery and a trade-off it would face.

ANSWER KEY

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HIGH SCHOOL · MWH.C.7.7.C

PART 1 · READ AND MARK

Underline two gains from cross-border phone production, circle two risks, and number three steps that show how a disruption spreads between economies. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Describe two ways cross-border phone production can benefit economies.	**It can lower production costs and create jobs for suppliers and assembly workers in several countries.**
2	How could a storm at a chip factory affect workers and customers in other countries? Trace the chain of effects.	**Assemblers abroad may finish fewer phones, so their workers could lose hours. Stores may receive fewer phones, and customers may face higher prices.**
3	Why does relying on a small number of chip suppliers increase the economic risk of a factory closure?	**If one supplier closes, phone makers have fewer other sources for chips, making it harder to keep production going.**
4	Compare buying chips from several countries with making every part at home. What does each choice offer, and what might be lost?	**Buying from several countries reduces the chance that one closure stops production. Making every part at home may reduce foreign supply risks, but it could raise costs and reduce the benefits of specialized trade.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

With fewer cocoa beans to sell, some growers in the exporting country could lose income. The bakery may have to pay more for cocoa and raise its cookie prices. It could seek cocoa from another country to keep making cookies. That supplier might charge more or face disruptions of its own.

Accept other passage-supported benefits, risks, and cause-and-effect chains. For Part 3, look for plausible effects in both economies and a response with a specific trade-off.