

Country Interdependence: How Do the Actions of One Country Affect Other Countries?

Lesson Authors

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Standards and Benchmarks (see page 25)

Lesson Description

In this simulation, student groups will represent a fictional country that specializes in producing at least one good or service. Each group will experience a change in their own country and will have to discover what caused this change, which they will learn is from an economic condition or policy in another country. Through this discovery, students will conclude that economic interdependence in a global economy occurs because of specialization.

A basic understanding of imports, exports, and substitutes is needed.

Grade Level

6-8

Concepts

Economic conditions

Economic policy

Recession

Specialization

Tariff

Objectives

Students will be able to

- define specialization,
- distinguish the difference between an economic condition and an economic policy,
- relate specialization to the concept of economic interdependence,
- predict how an economic condition or economic policy would affect another country, and
- conclude how countries in the global economy are connected.

Compelling Question

How are countries in the global economy connected?

Time Required

60-90 minutes

Materials

- PowerPoint slide deck
 - Handout 1, one copy for the teacher
 - Handout 2, one copy cut apart; each student group receives 3 effect cards related to one fictional country
 - Handouts 3 and 4, one copy of each for each student group
 - Handouts 3 and 4 Answer Keys, one copy of each for the teacher
 - Tape
 - Scissors
 - Envelopes, four for each group (16 total)
 - Paper bags, one for each group (4 total)
 - Pencils, one for each group (4 total)
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Preparation

Prior to the lesson, print a copy of *Handout 1: Four Corner Labels* and tape each letter in a different corner of the classroom. Print a copy of *Handout 2: Effect Cards* and cut apart. Label each envelope with a round number ("practice" and 1, 2, or 3) and the corresponding country name. Place the effect cards in the corresponding envelopes and seal. Label each paper bag with a fictional country name (Pokemania, New Slime, Kitty Island, Great Dino) and place the three corresponding envelopes and a practice round envelope in each bag.

Procedure

1. Ask students to share a time when they needed assistance from someone else to get something done. (*Answers will vary.*) Explain that when we work together, we can often accomplish more.
 2. Display slide 2 (computer) and ask, "How many people do you think it took to create this object?" (*Answers will vary.*) "How many countries were involved in the creation of this object?" (*Answers will vary.*)
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3. Display slide 3 (world map) and explain that when countries work together and divide up tasks, they are able to create objects such as a computer. Click through slides 3-10 to show all the different countries involved in creating a computer (Brazil, China, United States, Norway, Ireland, Israel, Germany, Philippines, Malaysia, and Taiwan). Stress to students that each of these countries has a different role in creating the computer. For example, factories in Brazil produce quartz and carbon. These are combined with other elements in Germany to create purified silicon, and this along with other components are put together in China to make a computer.
4. Ask students, "What would happen if something negative occurred in one of these countries, such as an earthquake in Malaysia that shuts down production in the factory producing microchip components of a computer?" (*Answers will vary, but production at factories in all the other countries would slow as they waited to receive components produced in the factory affected by the earthquake. In addition, they may source microchips from another country, such as the Philippines [reference slide 7].*)
5. Explain that consumers depend on multiple countries for the final production of computers, and producers depend on multiple countries for the components to produce a computer. This is one very simple example of how interconnected countries have become because of specialization. Display slide 11 and define **specialization** as limiting production to fewer goods and services than consumed based on available resources and skills. In the computer example, one country may specialize in producing microchips while another specializes in branding. By specializing, countries can accomplish more.
6. Tell students that they are going to investigate how countries are connected in the global economy and explore reasons why economic conditions and economic policies in one country can affect the economic conditions and policies in another country.
7. Ask students, "If a country specializes in producing an item and provides it to the rest of the world, what happens when it cannot produce the item anymore?" (*Answers will vary but may include that other countries will have less of that item or producers within other countries may try to produce the item.*)
8. Display slide 12 and explain that **economic conditions** and **economic policies** can impact production in one country, therefore impacting production in another country. Economic conditions are unplanned events that impact a country's economy, while economic policies are measures taken by a country's government that directly impact the economy.
9. Display slide 13 to provide examples of economic conditions. A **recession** is a significant decline in general economic activity extending over a period of time. Other examples of economic conditions include natural disasters and important inventions.
10. Display slide 14 and explain that examples of an economic policy that could affect production are government spending tariffs. **Tariffs** are taxes that must be paid before a good may be brought

into a country. Examples include tariffs on non-Japanese-made cars brought into Japan and U.S. tariffs on all corn imported into the United States from foreign countries.

11. Display slide 15 to provide additional examples of economic conditions and policies. Instruct the class to correctly identify whether each example is an economic condition or policy. Review the answers on slide 16.
12. Tell students that they are now going to work in groups, each representing a fictional country, to see how economic conditions and policies can impact their production as well as production in other countries.
13. Divide the class into four student groups of relatively equal size by counting off (1, 2, 3, 4, 1, 2, 3, 4...). Once you've assigned all students a number, instruct them to move into their groups in designated areas of the classroom (front of room, back of room, etc.).
14. Assign one of the fictional country names to each group (Pokemania, Kitty Island, Great Dino, New Slime). Display slide 17 and instruct students to assign the following roles to members of the group: Reader, Writer, Roamer, and Reactor. (NOTE: Students can have more than one role if there are not enough students in a group to cover each role. Or, if there are more students than roles, additional roles such as bag holder can be added.)
15. Distribute to each group a paper bag with four sealed envelopes that contain the cards from Handout 2, along with one copy of *Handout 3: Country Interdependence*. Instruct students to each write their name at the top of Handout 3 and then instruct each Writer to write in the name of their fictional country.
16. Explain to students that there will be three rounds of play. Each group's bag has four envelopes that correspond with each round—a practice round and rounds 1, 2, and 3. Each envelope will contain an effect describing something that is happening in the country. Display slide 18 and discuss the following:
 - During the activity, each **Reader** will select the envelope that corresponds to the round, open it, and read the effect to the group. Each **Writer** will write the effect on Handout 3.
 - The teacher will display four scenarios, labeled A, B, C, D, that may have caused the effect.
 - Each group will discuss and send the **Roamer** to the labeled corner of the room that corresponds with the scenario the group decided is the best fit.
 - Each **Writer** will write the group's answers on Handout 3.
 - Finally, the **Reactor** will share with the class their country's effect and scenario and answer a series of questions related to the activity.

17. After reviewing the procedure with students, instruct the Readers to open their envelope labeled “practice.” (All groups have the same effect in this round.) Display slide 19 and model the following practice round:
 - Imagine that in the United States, the price of chocolate candy bars is suddenly expensive. Optional discussion: “Can anyone predict why this happened?” (*Answers will vary but may include there is a tax on importing chocolate, there is a drought, or the cacao trees did not produce.*)
 - Display slide 20 with the four scenarios labeled A-D (corresponding to the four corners of the room). Ask the groups, “Which of these four scenarios most likely caused the change we are experiencing in our own country?” (*A: A hurricane wiped out half the cacao bean crop in the Bahamas, which provides cacao to most of the world.*) Instruct the Writers to fill in the answer on their worksheets.
 - Instruct the Roamers to go to the correct corner of the room: Scenario A.
18. After you have completed the practice round, instruct the Roamers to return to their groups. Display slide 21 and discuss as a class, then review the answers on slide 22.
19. Display slide 23 and review the procedure for round 1. Instruct the Readers to open the round 1 envelopes and read the effect that occurred in their group’s country.
20. After each group has had a chance to read the effect and the Writer has written it down on Handout 3, display slide 24. Each group must discuss and decide which scenario (economic condition or policy) listed on the slide could have caused the effect that occurred in their country. Once they have decided, the Roamer should walk to the corner of the room corresponding to the economic condition or policy. Display slide 25 and confirm that each group is in the correct corner, guiding any groups that need additional support. (*Kitty Island: A, Great Dino: B, Pokemania: C, New Slime: D*)
21. Instruct the Roamers to return to their groups and the Writers to complete the chart for round 1 on Handout 3.
22. Remind students that economic conditions such as natural disasters and economic policies such as tariffs all impact a country’s economy. Allow each group time to answer questions 1-3 for round 1 based on their scenario. Once each group has had a chance to complete the questions, give each Reactor an opportunity to share their group’s scenario with the entire class, identify it as an economic condition or policy and explain why, and state what effect it had on their country.
23. After each group has had the opportunity to share, display slide 26 and discuss the following:
 - What surprised you about the economic condition or policy that affected your country? (*Answers will vary but may include that students didn’t realize a terrible crop of oranges in another country could cause them or their neighbors to start drinking more apple juice, a substitute of orange juice.*)

- How did you feel when you learned what caused the effect in your country? (*Answers will vary but may include that students didn't like that a recession in another country could cause a bad effect in their own country. What if the other country was being very risky? It seems unfair that another country would have to be hurt.*)
24. Explain to students that specialization is happening in each of these countries. Ask the groups, "Do you know what your country specializes in?" (*Pokemania: growing bananas; Great Dino: growing almonds; Kitty Island: farming coffee beans; New Slime: unknown at this point*)
 25. Optional: In preparation for round 2, give each group 30 seconds to re-assign the roles.
 26. Display slide 27. Instruct the Readers to open their round 2 envelopes and read the effect to their group. Instruct the Writers to write the effect on the Handout 3 round 2 chart.
 27. Display slide 28. Once again, each group must discuss and decide which scenario (economic condition or policy) listed on the slide could have caused the effect that occurred in their country. Once they have decided, the Roamer should walk to the corner of the room corresponding to the economic condition or policy.
 28. Display slide 29 and confirm that each group is in the correct corner, guiding any groups that need additional support. (*Great Dino: A, Kitty Island: B, Pokemania: C, New Slime: C*)
 29. Instruct the Roamers to return to their groups and the Writers to complete the chart for round 2 on Handout 3.
 30. Allow each group time to answer questions 1-3 for round 2 (the Writer transcribes the answers) and then give each Reactor an opportunity to share their group's responses with the class. Round 2 is distinct from round 1 in that two countries were affected by the same economic event: Candy Land's tariff on all automobile imports affected both Pokemania and New Slime.
 31. Display slide 30 and discuss the following:
 - What was different about this round? (*Answers will vary but may include that countries were affected by the same economic policy or that one country, New Slime, responded to Candy Land's tariff by issuing another tariff.*)
 - Why would two countries be affected by the same economic policy? (*Answers will vary but may include that countries rely on other countries to provide the goods and services that they each need.*)
 32. Explain that one country's conditions or policies may affect other countries because of our interdependence. For example, there are all kinds of cars, so it's reasonable that more than one country specializes in them. A policy that affects car production or consumption is likely to impact all

countries that produce cars. In round 2, Pokemania and New Slime both specialize in automobile production. As a result, we see that both of these countries were affected by Candy Land's economic policy (tariff). This one was tricky because New Slime reacted to Candy Land's tariff by issuing a tariff that would affect Candy Land. When one country responds to or retaliates against another country's trade policy in this way, we refer to it as a trade war.

33. Optional: In preparation for round 3, give each group 30 seconds to re-assign the roles.
34. Display slide 31. Instruct the Readers to open their round 3 envelopes and read the effect to their group. Instruct the Writers to write the effect on their Handout 3 round 3 chart.
35. Display slide 32. Once again, each group must discuss and decide which scenario (economic condition or policy) listed on the slide could have caused the effect that occurred in their country. Once they have decided, the Roamers should walk to the corner of the room corresponding to the economic condition or policy.
36. Display slide 33 and confirm that each group is in the correct corner, guiding any groups that need additional support. (*All groups were affected by economic condition D: Candy Land's big recession.*)
37. Instruct the Roamers to return to their groups and the Writers to complete the chart for round 3 on Handout 3.
38. Allow each group to answer questions 1-3 for round 3 and then give the Reactors the opportunity to share their group's responses with the class.
39. Round 3 was distinct from rounds 1 and 2 in that all the countries were affected by the same economic event—Candy Land's big recession. Display slide 34 and, as a class, discuss the following:
 - What was different about round 3? (*All countries were affected by Candy Land's big recession.*)
 - Does it seem realistic that an economic condition or policy in one country could affect that many other countries? (*Answers may vary; but, yes, an economic condition in a very big country can ripple through and affect much of the rest of the world. This is why when one major country experiences a recession, many other countries will also experience a recession.*)
 - Can you think of any parallels to our own world? (*Answers will vary but may include the Great Recession [or Great Depression] or the COVID-19 pandemic that affected all countries in the world.*)
 - Remind students that the activity's scenarios were fictional, but in the real world, things that happen in one country impact other countries because we are interdependent.

Closure

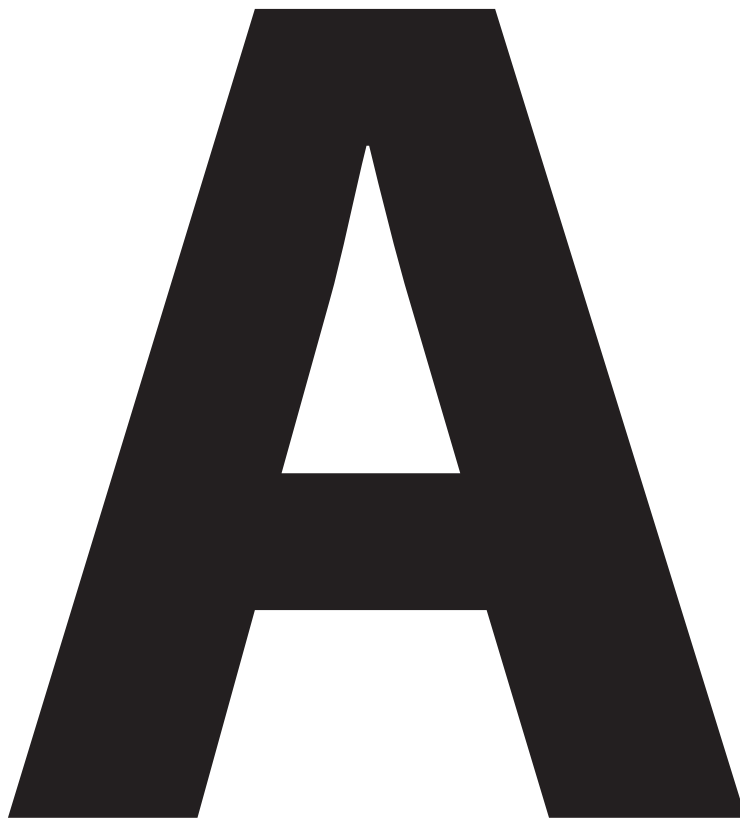
40. Review the key concepts in the lesson by discussing the following:

- What is specialization? (*Specialization is limiting production to fewer goods and services than consumed based on available resources and skills.*)
- What is the difference between economic conditions and economic policies? (*Economic conditions are unplanned events that impact a country's economy. Economic policies are measures taken by a country's government that directly impact the economy.*)
- How does specialization increase a country's interdependence? (*Answers will vary but may include that when countries can focus on what they do best and still meet their needs through trade, they are encouraged to do so.*)
- How does an economic condition, such as a recession, in one country's closest trading partner impact another country's economy? (*Answers will vary but may include that a recession in a country's close trading partner will impact the goods and services available to that country. It may have to find additional trading partners or deal with the limited resources available.*)
- How does an economic policy placed on a country, such as a tariff, impact its economy? (*Answers will vary but may include that tariffs are taxes that must be paid prior to the good entering the country and will usually increase the price of the good. This may cause the desire for that good to decrease.*)
- Why do economic conditions and policies in one country affect the economic conditions and policies in another country? (*Answers will vary but may include that countries are connected by trade and are interdependent upon each other. If something negative happens in one country [economic condition or economic policy], it will affect what is happening in another country.*)
- How are countries connected in the global economy? (*Answers will vary but may include that interdependence allows countries to work together to meet the needs of their economies. Countries are connected by trade so that they can specialize in what they do best and trade for other resources they need.*)

Assessment

41. Distribute a copy of *Handout 4: Assessment* to each student. Allow time for students to work, then review answers using the *Handout 4: Assessment—Answer Key*. Note that question #4 cannot be done in class and must be done at home. Assign it as homework or extra credit.

Handout 1: Four Corner Labels (page 1 of 4)



Handout 1: Four Corner Labels (page 2 of 4)



Handout 1: Four Corner Labels (page 3 of 4)



Handout 1: Four Corner Labels (page 4 of 4)



Handout 2: Effect Cards (page 1 of 2)

Cut out each effect card and place them in their corresponding envelopes. Seal each envelope.

<p>Practice Round</p> <p>Country: United States</p> <p>Effect: The price of chocolate candy bars is suddenly expensive.</p>	<p>Practice Round</p> <p>Country: United States</p> <p>Effect: The price of chocolate candy bars is suddenly expensive.</p>
<p>Round 1</p> <p>Country: Pokemania</p> <p>Effect: Pokemania specializes in growing bananas and begins producing and exporting more bananas.</p>	<p>Round 1</p> <p>Country: New Slime</p> <p>Effect: People in New Slime have suddenly increased their consumption of apple juice.</p>
<p>Round 2</p> <p>Country: Pokemania</p> <p>Effect: Pokemania's auto companies are exporting far fewer automobiles, and production has slowed down as a result.</p>	<p>Round 2</p> <p>Country: New Slime</p> <p>Effect: New Slime specializes in producing automobiles. Its government has imposed a tariff on all chicken coming from Candy Land. Candy Land's main export is chicken.</p>
<p>Round 3</p> <p>Country: Pokemania</p> <p>Effect: Pokemania's oil producers are producing and exporting a lot less oil.</p>	<p>Round 3</p> <p>Country: New Slime</p> <p>Effect: New Slime is experiencing a recession because companies in New Slime are exporting a lot fewer goods and services.</p>

Handout 2: Effect Cards (page 2 of 2)

Cut out each effect card and place them in their corresponding envelopes. Seal each envelope.

<p>Practice Round</p> <p>Country: United States</p> <p>Effect: The price of chocolate candy bars is suddenly expensive.</p>	<p>Practice Round</p> <p>Country: United States</p> <p>Effect: The price of chocolate candy bars is suddenly expensive.</p>
<p>Round 1</p> <p>Country: Kitty Island</p> <p>Effect: Kitty Island specializes in coffee bean farming and is exporting fewer coffee beans</p>	<p>Round 1</p> <p>Country: Great Dino</p> <p>Effect: Great Dino specializes in growing almonds and is exporting fewer almonds.</p>
<p>Round 2</p> <p>Country: Kitty Island</p> <p>Effect: Kitty Island's residents are buying more chocolates and teddy bears as gifts for their sweethearts this Valentine's Day.</p>	<p>Round 2</p> <p>Country: Great Dino</p> <p>Effect: Great Dino's corn farmers are exporting more corn and have consequently started growing more corn.</p>
<p>Round 3</p> <p>Country: Kitty Island</p> <p>Effect: Kitty Island is experiencing a recession because companies in Kitty Island are exporting a lot fewer goods and services.</p>	<p>Round 3</p> <p>Country: Great Dino</p> <p>Effect: Great Dino's corn farmers are exporting fewer appliances.</p>

Handout 3: Country Interdependence (page 1 of 2)

Student names: _____

Country name: _____

Practice Round

Effect within your country	Scenario

1. Was this scenario caused by an economic condition or economic policy?
2. In what country did the economic condition or economic policy take place?
3. How did the economic condition or economic policy that happened in another country affect your country?

Round 1

Effect within your country	Scenario

1. Was this scenario caused by an economic condition or economic policy?
2. In what country did the economic condition or economic policy take place?
3. How did the economic condition or economic policy that happened in another country affect your country?

Handout 3: Country Interdependence (page 2 of 2)

Student names: _____

Country name: _____

Round 2

Effect within your country	Scenario

1. Was this scenario caused by an economic condition or economic policy?
2. In what country did the economic condition or economic policy take place?
3. How did the economic condition or economic policy that happened in another country affect your country?

Round 3

Effect within your country	Scenario

1. Was this scenario caused by an economic condition or economic policy?
2. In what country did the economic condition or economic policy take place?
3. How did the economic condition or economic policy that happened in another country affect your country?

Handout 3: Country Interdependence—Answer Key (page 1 of 4)**Practice Round**

Effect within your country	Scenario
<i>The price of chocolate candy bars is suddenly expensive.</i>	<i>A hurricane wiped out half the cacao bean crop in the Bahamas, which specializes in cacao production.</i>

1. Was this scenario caused by an economic condition or economic policy?
Economic condition
2. In what country did the economic condition or economic policy take place?
Bahamas
3. How did the economic condition or economic policy that happened in another country affect your country?
If this country specializes in cacao production, a shortage in cacao will raise the price of chocolate bars because cacao is a major ingredient in chocolate.

Round 1

Effect within your country	Scenario
<p>Pokemania: <i>Pokemania specializes in growing bananas and begins producing and exporting more bananas.</i></p> <p>New Slime: <i>People in New Slime have suddenly increased their consumption of apple juice.</i></p> <p>Great Dino: <i>Great Dino specializes in growing almonds and is exporting fewer almonds.</i></p> <p>Kitty Island: <i>Kitty Island specializes in coffee bean farming and is exporting fewer coffee beans.</i></p>	<p>Pokemania: <i>Candy Land, the largest country in the world, lifts a tariff on bananas from Pokemania.</i></p> <p>New Slime: <i>A major hurricane in Explorenca has wiped out most of its orange trees. Explorenca specializes in growing oranges and is one of the main orange suppliers in the world.</i></p> <p>Great Dino: <i>There's a recession in Awesome Sauce, which is a small country whose main trading partner is Great Dino.</i></p> <p>Kitty Island: <i>Candy Land imposes a tariff on coffee beans produced in Kitty Island.</i></p>

1. Was this scenario caused by an economic condition or economic policy?
P: Policy, because it was an action taken by government to affect its economy
NS: Condition, because it was an unexpected event that happened in the country and affected its economy
GD: Condition, because it was an unexpected event that happened in the country and affected its economy
KI: Policy, because it was an action taken by government to affect its economy

Handout 3: Country Interdependence—Answer Key (page 2 of 4)

2. In what country did the economic condition or economic policy take place?

P: Candy Land

NS: Explorenca

GD: Awesome Sauce

KI: Candy Land

3. How did the economic condition or economic policy that happened in another country affect your country?

P: Candy Land specializes in growing bananas, so Candy Land lifting a tariff on bananas from Pokemania will affect the number of bananas it grows and sells.

NS: Explorenca specializes in growing oranges and is one of the main orange suppliers in the world; so, if a hurricane destroys most of its orange groves, it will affect other countries' supply of oranges and therefore the price of oranges. Oranges will become very expensive, and people in New Slime and elsewhere will switch to substitutes, such as apples.

GD: A recession in Awesome Sauce will affect its main trading partner, Great Dino. Great Dino won't be selling as many things as usual in AS because AS citizens have less money now. Given that GD is a major exporter of almonds and its main trading partner is buying fewer goods and services, this industry will decrease.

KI: Candy Land's tariff on coffee beans coming from Kitty Island will raise the cost of selling coffee beans in Candy Land. Candy Land's citizens will buy fewer coffee beans from Kitty Island as a result; therefore, Kitty Island will reduce production of coffee beans.

Round 2

Effect within your country	Scenario
<p>Pokemania: Pokemania's auto companies are exporting far fewer automobiles, and production has slowed down as a result.</p> <p>New Slime: New Slime specializes in producing automobiles. Its government has imposed a tariff on all chicken coming from Candy Land. Candy Land's main export is chicken.</p> <p>Great Dino: Great Dino's corn farmers are exporting more corn and have consequently started growing more corn.</p> <p>Kitty Island: Kitty Island's residents are buying more chocolates and teddy bears as gifts for their sweethearts this Valentine's Day</p>	<p>Pokemania: Candy Land has imposed a tariff on all automobile imports.</p> <p>New Slime: Candy Land has imposed a tariff on all automobile imports.</p> <p>Great Dino: A trade agreement is signed between Dino and Great Dino. This causes Dino to eliminate a tariff on corn coming from Great Dino.</p> <p>Kitty Island: There is a frost in Explorenca, and it has ruined all the roses. Explorenca is a major supplier of roses on Valentine's Day.</p>

Handout 3: Country Interdependence—Answer Key (page 3 of 4)

- Was this scenario caused by an economic condition or economic policy?
P: Policy, because it was an action taken by government to affect its economy
NS: Policy, because it was an action taken by government to affect its economy
GD: Policy, because it was an action taken by government to affect its economy
KI: Condition, because it was an unexpected event that happened in the country and affected its economy
- In what country did the economic condition or economic policy take place?
P: Candy Land
NS: Candy Land
GD: Dino
KI: Explorenca
- How did the economic condition or economic policy that happened in another country affect your country?
P: Candy Land imposed a tariff on all automobiles coming from other countries. This means that any country selling automobiles to Candy Land will be affected and will decrease automobile production. Given that Pokemania has decreased its automobile production, the most likely cause of the choices given is that the Candy Land tariff affected them.
NS: Candy Land's tariff on automobiles is definitely affecting NS because we know it is a major auto exporter to Candy land. So now that NS has decided to put a tariff on one of CL's major exports—chicken—it is likely as punishment to Candy Land for its tariff.
GD: Dino lifted a tariff on corn coming from GD. This will make it cheaper for GD's corn farmers to sell to Dino, and therefore they will start producing more.
KI: Explorenca's ruined rose crop will increase the price of roses in Kitty Island, so some people in Kitty Island will substitute roses with other (cheaper) gift ideas for Valentine's Day.

Round 3

Effect within your country	Scenario
<p>Pokemania: Pokemania's oil producers are producing and exporting a lot less oil.</p> <p>New Slime: New Slime is experiencing a recession because companies in New Slime are exporting a lot fewer goods and services.</p> <p>Great Dino: Great Dino's corn farmers are exporting fewer appliances.</p> <p>Kitty Island: Kitty Island is experiencing a recession because companies in Kitty Island are exporting a lot fewer goods and services.</p>	<p>All countries:</p> <p>There's a major recession in Candy Land, the largest economy in the world. Most countries export lots of finished goods to this country</p>

Handout 3: Country Interdependence—Answer Key (page 4 of 4)

1. Was this scenario caused by an economic condition or economic policy? Why?
All countries: *Condition, because it was an unexpected event that happened in the country and affected its economy*
2. In what country did the economic condition or economic policy take place?
All countries: *Candy Land*
3. How did the economic condition or economic policy that happened in another country affect your country?
Answers will vary but should touch on the fact that a large country can affect multiple countries' economies.

Handout 4: Assessment (page 1 of 2)

Student name: _____

Using the knowledge you gained from the Country Interdependence activity, read over the provided economic conditions and economic policies. Determine if each is an economic condition or policy and why and then write your answer in the second column. Finally, identify the possible effect that resulted from the economic condition or policy by circling the best response in the third column.

Economic condition/policy	Economic condition or economic policy? Why?	Possible effects within another country
Microchip factories in China are closed due to a pandemic.		a. Japan has cut back on computer production. b. The United States has announced a tariff on wood produced in other countries. c. The EU has enacted a new policy about data collection on all social media websites.
The United States has put a tariff on all washing machines produced outside of the United States.		a. The cost of cotton in Thailand has increased by 6%. b. Canada's dairy farmers have increased production by 4%. c. China's washing machine producers cut employment by 8%.
Major flooding in Sao Paolo and other parts of Brazil ruins its raw sugar production. Brazil is a major exporter of raw sugar.		a. Cambodia announces a tariff on rice from other countries. b. The price of wood decreased by 5% in Australia. c. There's a shortage of candy production in China and prices of candy increase.

Handout 4: Assessment (page 2 of 2)

Answer the following questions:

1. Describe how a tariff on a good in one country could affect the production of that same good in another country.
2. Explain how economic conditions impact a country's trading partners.
3. Justify why you think specialization helps or harms country interdependence.
4. EXTRA CREDIT (to be completed at home): Look in the news to find reporting on an economic condition or policy. List the economic condition or policy, identify whether it is a condition or a policy, and predict at least one effect this condition or policy will have on another country.

Handout 4: Assessment—Answer Key (page 1 of 2)

Using the knowledge you gained from the Country Interdependence activity, read over the provided economic conditions and economic policies. Determine if each is an economic condition or policy and why and then write your answer in the second column. Finally, identify the possible effect that resulted from the economic condition or policy by circling the best response in the third column.

Economic condition/policy	Economic condition or economic policy? Why?	Possible effects within another country
Microchip factories in China are closed due to a pandemic.	<i>Economic condition: It is an unexpected event that occurs in the country and affects its economy.</i>	<p>a. Japan has cut back on computer production.</p> <p>b. The United States has announced a tariff on wood produced in other countries.</p> <p>c. The EU has enacted a new policy about data collection on all social media websites.</p>
The United States has put a tariff on all washing machines produced outside of the United States.	<i>Economic policy: It is an action taken by a government that will affect its economy.</i>	<p>a. The cost of cotton in Thailand has increased by 6%.</p> <p>b. Canada's dairy farmers have increased production by 4%.</p> <p>c. China's washing machine producers cut employment by 8%.</p>
Major flooding in Sao Paolo and other parts of Brazil ruins its raw sugar production. Brazil is a major exporter of raw sugar.	<i>Economic condition: It is an unexpected event that occurs in the country and affects its economy.</i>	<p>a. Cambodia announces a tariff on rice from other countries.</p> <p>b. The price of wood decreased by 5% in Australia.</p> <p>c. There's a shortage of candy production in China and prices of candy increase.</p>

Handout 4: Assessment—Answer Key (page 2 of 2)

1. Describe how a tariff on a good in one country could affect the production of that same good in another country.
Answers will vary but may include that a tariff in one country will increase the price of that good in that country and decrease the quantity demanded for that good in that country. This will cause exporters from other countries to sell less of that good, reduce production, and potentially lay off workers.
2. Explain how economic conditions impact a country's trading partners.
Answers will vary but may include that an economic condition, such as a recession, may decrease the amount of goods that country will buy from its trading partners and therefore decrease how many goods/services its main trading partners have to produce.
3. Justify why you think specialization helps or harms country interdependence.
Answers will vary but may include that specialization helps countries produce items they are best at producing and trade with other countries to meet any other needs their country may have; or, specialization harms countries because it makes them rely on their trading partners, so if there are economic conditions or policies that are negative to one country, other countries will also be affected.
4. EXTRA CREDIT (to be completed at home): Look in the news to find reporting on an economic condition or policy. List the economic condition or policy, identify whether it is a condition or a policy, and predict at least one effect this condition or policy will have on another country.
Example: The United States is considering placing a 200% tariff on Russian aluminum. This is an economic policy, and it would decrease the amount of aluminum the United States would buy from Russia. Assuming the U.S. is a major trading partner with Russia for aluminum, this would mean that Russia might sell a lot less aluminum.

Standards and Benchmarks

Voluntary National Content Standards in Economics

Standard 6: Specialization

When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

- **Benchmarks: Grade 8**
 3. As a result of growing international economic interdependence, economic conditions and policies of one nation increasingly affect economic conditions and policies in other nations.