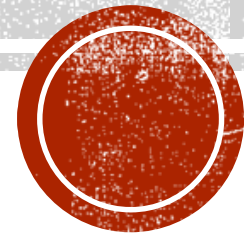


ECONOMIC INTERDEPENDENCE



IN OTHER WORDS...

- We all get affected by each other
- Countries are affected by each other
- Countries trade with each other



GLOBALIZATION:

WE LIVE IN A INTERDEPENDENT ECONOMY IN WHICH WE ENGAGE IN TRADE FOR NEARLY ALL GOODS AND SERVICES

- **Advantages:**
 - Goods cost less
 - Ability to specialize
 - Ability to utilize resources more efficiently
- **Disadvantages:**
 - Dependent on other countries
 - If another area has economic problems we do to
 - Jobs get outsourced



WHAT IS GLOBALIZATION?

- The continued interconnectedness of trade
- Developed Countries: Have industry and high standards of living
- Developing Countries: Have some industry and some people live in a good standard of living
- Least Developed Countries: No industry and poor standard of living.



GLOBALIZATIONS IMPACT:

- Pollution
- Diffusion of, or loss of culture
- Better standards of living around the world
- Movement of jobs



TRADE:

- **Import:** a good that is coming into the country
- **Export:** a good that is sent out of the country
- **Favorable Balance of Trade:** When a country exports more than they import
- **Unfavorable Balance of Trade:** When a country imports more than it exports
- **Absolute Advantage:** Being able to make more of an item with the same resources as others. Specializing
- **Comparative Advantage:** Producing something with a lower opportunity cost than another
- **Free Trade:** Countries trade with each other with no Tariffs (taxes) attached. NAFTA, EU, Trans Pacific Partnership



TRADE BARRIERS

- Embargo: No trade with a country (blocked trade)
- Tariff: Tax on imports
- Quota: reaching a certain amount
- Cartel: a group of a few producers who can manipulate prices (oligopoly)
- Trying to get that country to change their politics
- Buy domestic goods
- Limit the items available to keep domestic competition
- Make money, have power: OPEC

