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AP VIDEO 7.6 can be found on the college board account once you login to your account.

**Lesson 7.6 – Trade and World Economy (PART 1)**

**ECONOMIC INDEPENDENCE**

**COMPLEMENTARILY**: trade is greater if each side has something the other wants or needs

**COMPARATIVE** **ADVANTAGE**: one trade partner might be better at producing agricultural goods, while the other partner might be better at manufacturing products. Each will specialize at what they are good at.

Technological innovation in transportation and communication mean that consumers all over the world not only know about a wider range of products and services than ever before, they have effective demand to purchase those things.

However, tensions can rise when one side believes the other has an unfair advantage, leading to unbalanced trade and creating trade deficits.

**PRACTICE QUESTION**

The high-tech centers of Silicon Valley in California and Research Triangle in North Carolina developed in the past 40 years

1. Discuss the following three factors that contributed to the rise of such industrial regions

* **Directions: Fill-in the 3 factors as they are discussed**

1. Investment Capital –
2. Labor –
3. Government –

**INTERDEPENDENCY EFFECTS AT VARIOUS SCALES**

Economic and social development happen at different times and rates in different places. Global financial crises (debt, disease) can spread far and wide!

**REGIONAL:** Trading blocs of countries often gain comparative advantages

**NATIONAL** International trade is a large portion of more-developed countries’ GDP, not as much for less-developed countries

**LOCAL**: Areas directly involved in a country’s globalized trade) port cities or locations of manufacturing) often benefit most, while others areas stagnate or fall behind economically.