Teacher Answer Key

Case Study

1. Marcus embodies the concentrated losses: offshoring erased a manufacturing career and forced him into lower-paid work, like the Rust Belt towns in the reading. Tasha embodies the diffuse gains — cheaper consumer goods and new supply-chain jobs that exist because of global trade.
2. The reading notes new jobs often demanded different skills, appeared in different places, and paid different wages — a machinist cannot simply become a software engineer. Retraining late in a career, as Marcus found, usually means starting over at reduced pay.

Multiple Choice

1. D
2. B
3. A

Matching

1-E, 2-C, 3-D, 4-A, 5-B

Fill-in-the-Blank

1) subprime, 2) Recession, 3) globalization

Short Answer (Sample Responses)

Q1: Consumers and exporting companies won through cheaper goods and vast new markets, while manufacturing workers lost as offshoring moved factories overseas. The gains were spread thinly across everyone, but the losses concentrated in particular towns and careers, which is why the same policy produced both prosperity and Rust Belt decline.

Q2: Lenders issued risky loans assuming home prices would always rise; Wall Street bundled them into derivatives sold worldwide as safe investments. When prices fell, defaults made the bundles toxic, Lehman Brothers collapsed, credit froze, and because banks were globally interconnected, an American housing bust became a worldwide recession.

Q3: Answers will vary. Support: letting the financial system fail would have destroyed ordinary jobs and savings, and the interventions preceded recovery. Opposition: bailouts created moral hazard by rescuing the institutions that caused the crisis while homeowners received far less. Strong answers take a side using evidence.