

Economics Unit 4 Study Guide / Relearning

Globalization and Trade: Chapters 17, 18

Name _____

Hour _____

Definitions and examples

Central Questions

<p>Chapter 17, Lesson 1</p> <ul style="list-style-type: none">• exports• imports• Absolute advantage• Production possibilities curves• Comparative advantage• Opportunity cost	<p>Chapter 17 Lesson 1 Key Questions:</p> <p>1. Identify 4 reasons that nations trade with one another.</p> <p>A.</p> <p>B.</p> <p>C.</p> <p>D.</p> <p>2. How can <u>comparative advantage</u> be used to explain why countries will trade with other countries?</p> <p>3. Give an example of how one country can hold an absolute advantage in producing a certain product, while another country holds a comparative advantage in producing the same thing.</p> <p>4. How can absolute and comparative advantage be used to explain WHY the US imports so many products from other countries?</p>
<p>Chapter 17, Lesson 2</p> <ul style="list-style-type: none">• Tariff• Quota	<p>Chapter 17 Lesson 2 Key Questions:</p> <p>5. Why does a government place restrictions on international trade?</p> <p>6. What are the advantages and disadvantages of trade agreements (Ex. NAFTA)?</p> <p>Advantages:</p> <p>Disadvantages:</p>

<ul style="list-style-type: none"> ● Embargo ● World Trade Organization (WTO) - also page 492-493 ● North American Free Trade Agreement (NAFTA) Chapter 17, Lesson 3 ● Exchange Rate <ul style="list-style-type: none"> ○ Fixed ○ Flexible ● Trade Deficit ● Trade Surplus Chapter 18, Lesson 2 ● Globalization ● Outsourcing ● European Union (EU) ● OPEC 	<p>Chapter 17 Lesson 3 Key Questions:</p> <p>7. What does the foreign exchange rate measure?</p> <p>8. What happens when a country has a trade surplus?</p> <p>9. How are <u>flexible exchange rates</u> and <u>fixed exchange rates</u> different?</p> <p>10. How does the strength of the dollar affect U.S. trade? (strong dollar vs weak dollar impact)</p> <p>Chapter 18 Lesson 2 Key Questions:</p> <p>11. Give an example of globalization</p> <p>12. How do agreements for regional cooperation help member nations?</p>
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