

- 1) What is trade?
- 2) What is international trade?
- 3) Why do people or countries trade?
- 4) Is trade always beneficial?
- 5) Define absolute advantage.
- 6) How do countries have an absolute advantage over other countries?
- 7) Define comparative advantage.
- 8) How do you express the opportunity cost when solving an input problem of production?
- 9) What do the ratios represent when solving the comparative advantage?
- 10) How would you verbalize a ratio for comparative advantage?
- 11) How is the output method different from the input method when calculating opportunity costs?
- 12) What should countries do when they have the comparative advantage for producing a good?
- 13) Why does specialization help grow economies?
- 14) Define balance of trade.
- 15) When does a country have a trade surplus?
- 16) When does a country have a trade deficit?
- 17) Why might a large trade deficit hurt a nation's economy?
- 18) What do trade barriers result in?
- 19) What is meant by free trade?
- 20) What are the main trade barriers?
- 21) What are some of the costs and benefits with each trade barrier?
- 22) What do trading blocs try to achieve?
- 23) What are some of the major trading blocs around the world?
- 24) Which trade agreement has the greatest impact on the U.S. and why?
- 25) Why do some economists and business owners disagree with free trade?
- 26) Define exchange rate.
- 27) What must you do before you make a transaction in a foreign country?
- 28) What happens when a currency appreciates?
- 29) What happens when a currency depreciates?
- 30) Who benefits from changes in currency values?
- 31) Who is hurt by changes in currency values?
- 32) Draw a supply and demand curve for U.S. dollars. What happens to the value of the dollar when demand for the dollar declines? Does it appreciate or depreciate in value?
- 33) If the interest rates in Japan go up, the cost of borrowing money in Japan goes up. If Japanese money becomes more expensive than the U.S. dollar, then what will begin to happen to the demand for Japanese yen?
- 34) Look up the exchange rate for Great Britain and Japan. Based on the current information, where might a U.S. traveler be more likely to travel if they made their decision solely on exchange rates?
- 35) If the U.S. economy was in a major recession, what would that mean for foreign buyers of U.S. products?
- 36) Draw two production possibilities for the U.S. and Japan. Create manufacturing numbers for cars and motorcycles and determine who has the absolute advantage and the comparative advantage based on your example.