Unit 6 Study Guide
Name ________________________________
Irondale Economics
Hour _____

Terms

Stockholder

Bondholder

Mutual Fund

Investment Risk

Import

Export

Specialization

Absolute Advantage

Comparative Advantage

Exchange Rate

Outsourcing

Offshoring

Essential Questions

(15.1) 1. Given the following information about how much each can produce:

	Trees	Coal	Opportunity Cost
USA	10	20	1T: ___C 1C: ___ T
Canada	20	30	1T: ___C 1C: ___ T

a. Who has the absolute advantage in producing coal?

b. Who has comparative advantage in producing coal?

c. Who should specialize in producing coal? Why?

(15.1) 2. How do you compute a country's trade balance?

Trade Surplus means __________ are greater than ___________.

(15.2 and pp. 46-50) 3. Free trade agreements, like NAFTA, are controversial. Summarize both sides below.

Pros	Cons
1.	1.
2.	2.
3.	3.

(15.3) 4. a. What does it mean when a currency appreciates?

b. What causes currencies to appreciate?

(15.3) 5. If exchange rates change from 100 Japanese yen per American dollar to 150 yen per dollar, the dollar has:

appreciated or depreciated (circle one)

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