Peterson   Unit 8 Study Guide

1. What is economic interdependence?

2. Define the following terms:
    *   Productivity:

    *   Inputs v. Outputs:

    *   Service Sector:

    *   Automation:

    *   Division of Labor:

    *   Commodities

3. What is and is not included in GDP?
    *
    *

4. Use the information from the board, p. 718, and/or looking it up to complete the chart:

	GDP (dollars)	Per Capita GDP (dollars / person)	Standard of living (describe)
United States			
China			
Somalia			

5. For what reason do companies outsource? What is a disadvantage of this?
    *
    *

6. Madagascar can produce vanilla at a lower cost than other countries. This is an example of

    _____.

7. Explain:

- A favorable balance of trade:

- An unfavorable balance of trade:

8. Define comparative and absolute advantage and explain how it connects to trade?

9. Define these trade barriers and tell the goal or result of their use. How can these affect manufacturing in a country?

	Definition	What is the goal / desired result?
Embargo		
Tariff		
Cartel		

> 1 Euro = 1.38 U.S. Dollars
>
> (as of March 6, 2014 3:47 pm)

10. Tell the term for this type of comparison, and explain this specific example. Add what would happen if the dollar gets stronger.

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11. What do the following multinational organizations do? Why have them (benefits and disadvantages)?
- NAFTA:

- EU:

- OPEC:

12. What is a labor union?

    a. Purpose:

      b. Collective Bargaining:

      c. Strike

      d. Mediation

      e. Arbitration

13. What are subsidies?

Pros	Cons

14. Taxes are how the government makes its money. This is called _____

Different types:
    Taxes:

    Fees:

    Fines:

Progressive Tax	Regressive Tax	Direct Tax	Indirect Tax

Excise Tax	Sales Tax	Inheritance Tax	Payroll Tax	Income Tax	Property Tax

The money the government spends is called _____

List examples of what it is spent on:

What is the difference between migration and immigration?

What are the disadvantages of population shifts to an area?

Which area of the country is considered the Rust belt? Why?

Why are people leaving the Rustbelt and the Frostbelt?

Why are the Silicon Valley and Research Triangle Park areas attracting so many people?

When a company downsizes, what is it doing?

What is NAFTA? Who does it help? Who does it hurt? Why?

Why do companies outsource? How has that affected the United States?

Why do nations trade?

How does comparative advantage help countries to decide what to specialize in?

What do we mean by economic interdependence? How is that different from Globalization?

What is the difference between an export and an import?

What does favorable balance of trade mean?

We have a trade embargo with North Korea, what does that mean?

What is a tax on imports? Why do we have them? How do they affect the economy?

Define Comparative Advantage:

What is Absolute Advantage?

Which country has Comparative Advantage and why?

	Item 1	Item 2
Country A		
Country B		
Total		