**UNIT #9 – CIVICS & ECONOMICS – ORANGE WORKSHEET**

**9.1 – INTERNATIONAL TRADE**

*Complete the statements below using your vocabulary from 9.1.*

* Nations trade because of c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or their ability to produce a good/service at a lower o\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ c\_\_\_\_\_\_\_ than other nations.
* Comparative advantage leads to s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ among countries, or doing what they do best. This is because nations can usually produce a s\_\_\_\_\_\_\_\_\_\_, or extra, which allows them to e\_\_\_\_\_\_\_\_\_\_\_ to other nations.
* While trade allows countries to access goods cheaper, it threatens d\_\_\_\_\_\_\_\_\_\_\_\_\_ producers who cannot produce as cheaply.
* To protect these domestic industries governments may enact t\_\_\_\_\_\_\_\_\_ (taxes on imports) & q\_\_\_\_\_\_\_\_\_\_ (limit on amount/number of imports). P\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ involves protecting domestic producers with such trade barriers.
* Removal of trade barriers among nations is known as f\_\_\_\_\_\_\_\_ t\_\_\_\_\_\_\_\_\_\_\_.
* Trade d\_\_\_\_\_\_\_\_\_\_\_\_ or u\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/n\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ balance of trade is when the value of imports exceeds the value of exports; trade s\_\_\_\_\_\_\_\_\_\_\_\_\_ or f\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/p\_\_\_\_\_\_\_\_\_\_\_\_\_\_ balance of trade is when the value of exports exceeds the value of imports.

*Complete the chart below. Use 9.1 notes & p. 710-712 & 735.*

|  |  |
| --- | --- |
| **Advantages** | **Disadvantages** |
| * Allows domestic producers access to f\_\_\_\_\_\_\_\_\_\_\_ m\_\_\_\_\_\_\_\_\_\_\_ * Allows consumers access to c\_\_\_\_\_\_\_\_\_\_ goods because production costs are often cheaper with i\_\_\_\_\_\_\_\_\_\_\_ from foreign countries | * Domestic producers may not be able to c\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with foreign producers or larger companies who can relocate overseas * J\_\_\_\_\_ loss as producers relocate to countries with lower labor costs * Businesses may locate to countries where laws protecting w\_\_\_\_\_\_\_\_\_ rights & the e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are not as strict. |

**9.2 – DEMAND**

*Complete the statements below using your vocabulary & notes from 9.2.*

* The law of demand: all things equal, consumers will demand a h\_\_\_\_\_\_\_\_\_ q\_\_\_\_\_\_\_\_\_\_\_\_\_ of a good/service at (lower / higher) p\_\_\_\_\_\_\_\_\_.
* Consumers are driven by a (price / profit) incentive, which results in a demand curve that slopes (upward / downward).
* Things that can cause the demand curve to shift left because demand (increases / decreases):
  + Population (increase / decrease)
  + Consumers’ incomes (increase / decrease)
  + Price of complementary good (increases / decreases)
  + Price of substitute good (increases / decreases)
  + Product becomes (more / less) popular
  + Consumers’ confidence in future economic situation (increases / decreases)
* Things that can cause the demand curve to shift right because demand (increases / decreases):
  + Population (increase / decrease)
  + Consumers’ incomes (increase / decrease)
  + Price of complementary good (increases / decreases)
  + Price of substitute good (increases / decreases)
  + Product becomes (more / less) popular
  + Consumers’ confidence in future economic situation (increases / decreases)

**9.3 – SUPPLY**

*Complete the statements below using your vocabulary & notes from 9.3.*

* The law of supply: all things equal, producers are willing to supply a h\_\_\_\_\_\_\_\_\_ q\_\_\_\_\_\_\_\_\_\_\_\_\_ of a good/service at (lower / higher) p\_\_\_\_\_\_\_\_\_.
* Producers are driven by a (price / profit) incentive, which results in a supply curve that slopes (upward / downward).
* Things that can cause the supply curve to shift left because demand (increases / decreases):
  + Costs of production (input costs, or costs of factors of production) (increase / decrease)
  + Productivity (increases / decreases)
  + Technological advances allow production costs to (increase / decrease)
  + Producer expectations about consumer demand & future state of economy (increase / decrease)
  + Increased t\_\_\_\_\_\_\_\_ & government r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cause production costs to (increase / decrease)
* Things that can cause the supply curve to shift right because demand (increases / decreases):
  + Costs of production (input costs, or costs of factors of production) (increase / decrease)
  + Productivity (increases / decreases)
  + Producer expectations about consumer demand & future state of economy (increase / decrease)
  + S\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, or payments to businesses/individuals for specific reasons, (increase / decrease) production costs
  + Decreases t\_\_\_\_\_\_\_\_ & government r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cause production costs to (increase / decrease)

**9.4 – SUPPLY & DEMAND AT WORK**

*Complete the statements below using your vocabulary & notes from 9.4.*

* Because the supply curve has an (upward / downward) slope & the demand curve has an (upward / downward) slope, they will intersect at the e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ p\_\_\_\_\_\_\_\_.
* At the equilibrium price, q\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is equal to q\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ d\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and there are no s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ nor s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Surpluses are where quantity (supplied / demanded) is greater than quantity (supplied / demanded), and it results from prices being (above / below) the e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ p\_\_\_\_\_\_\_\_\_\_. Prices will (rise / fall) to the equilibrium price. Surpluses are measured as the horizontal distance between the supply & demand curves (above / below) the equilibrium price.
* Shortages are where quantity (supplied / demanded) is greater than quantity (supplied / demanded), and it results from prices being (above / below) the e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ p\_\_\_\_\_\_\_\_\_\_. Prices will (rise / fall) to the equilibrium price. Shortages are measured as the horizontal distance between the supply & demand curves (above / below) the equilibrium price.
* Price (floors / ceilings) are when producers may not charge above a maximum price. This maximum is often (above / below) equilibrium price, resulting in (shortage / surplus). An example is r\_\_\_\_\_\_ c\_\_\_\_\_\_\_\_\_\_\_, where landlords cannot charge tenants above a certain price.
* Price (floors / ceilings) are when consumers must pay above a minimum price. This minimum price is often (above / below) equilibrium price, resulting in (shortage / surplus). An example is m\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ w\_\_\_\_\_\_\_, the lowest price an employee can pay an employer for selling their labor.
* What will happen to EQUILIBRIUM PRICE when: (USE PART II OF STUDY GUIDE)
  + Supply & demand both increase? (INCREASE / DECREASE / INDETERMINABLE)
  + Supply & demand both decrease? (INCREASE / DECREASE / INDETERMINABLE)
  + Supply increases & demand decreases? (INCREASE / DECREASE / INDETERMINABLE)
  + Supply decreases & demand increases? (INCREASE / DECREASE / INDETERMINABLE)

**9.5 – BUSINESS CYCLE & ECONOMIC INDICATORS**

*Complete the statements below using your vocabulary & notes from 9.5.*

* Periods of economic growth are known as e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, & the highest point of a business cycle is known as the p\_\_\_\_\_
* Periods of economic decline are known as c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If they last longer than six consecutive months, they are known as r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Severe and prolonged economic contractions are known as d\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The lowest point of a business cycle is known as a t\_\_\_\_\_\_\_\_\_.
* During expansions:
  + Gross Domestic Product (increases / decreases)
  + Unemployment (increases / decreases) & consumers’ incomes (increase / decrease)
  + Stock market indexes (increase / decrease) [known as a “b\_\_\_\_\_\_\_ market”]
  + Consumer demand (increases / decreases), production levels (increase / decrease)
  + Number of new businesses (increases / decreases) & business failures (increases / decreases)
  + Poverty level (increases / decreases)
  + The biggest challenge during expansions is i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (general increases in prices) becomes too high
* During contractions, recessions, depressions:
  + Gross Domestic Product (increases / decreases)
  + Unemployment (increases / decreases) & consumers’ incomes (increase / decrease)
  + Stock market indexes (increase / decrease) [known as a “b\_\_\_\_\_\_\_ market”]
  + Consumer demand (increases / decreases), production levels (increase / decrease)
  + Number of new businesses (increases / decreases) & business failures (increases / decreases)
  + Poverty level (increases / decreases)

**9.6 – MONETARY POLICY**

*Complete the statements below using your vocabulary & notes from 9.6.*

* Money has 3 functions: s\_\_\_\_\_\_\_ of v\_\_\_\_\_\_\_, m\_\_\_\_\_\_\_\_\_\_\_ of e\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, & m\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of v\_\_\_\_\_\_\_.
* Monetary policy is controlled by the F\_\_\_\_\_\_\_\_\_\_\_\_ R\_\_\_\_\_\_\_\_\_\_\_\_. The Fed is known as the b\_\_\_\_\_\_\_\_\_’s b\_\_\_\_\_\_, because consumers borrow from commercial banks & other financial institutions, while financial institutions borrow from the Fed.
* The Fed has 3 functions: o\_\_\_\_\_\_\_\_\_\_\_\_\_ & regulate the b\_\_\_\_\_\_\_\_\_\_\_ industry, serve as the g\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_’s bank, & control the s\_\_\_\_\_\_\_\_\_ of m\_\_\_\_\_\_\_\_\_ (monetary policy).
* The 3 tools of monetary policy are: adjusting the d\_\_\_\_\_\_\_\_\_\_\_\_\_\_ rate (rate at which banks borrow money), adjusting the r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ requirement (percentage of funds banks have to keep with the Fed), & o\_\_\_\_\_-m\_\_\_\_\_\_\_\_\_\_ operations (buying & selling government bonds & Treasury bills).
* During contractions/recessions, the Fed wants to (increase / decrease) interest rates & (increase / decrease) the money supply to encourage banks to lend more money to boost production & increase consumer demand. The do this by (increasing / decreasing) the discount rate, (increasing / decreasing) the reserve requirement, & (buying / selling) government bonds & Treasury bills.
* During expansions, the Fed wants to (increase / decrease) interest rates & (increase / decrease) the money supply to slow the rate of growth and guard against i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The do this by (increasing / decreasing) the discount rate, (increasing / decreasing) the reserve requirement, & (buying / selling) government bonds & Treasury bills.

**9.7 – FISCAL POLICY**

*Complete the statements below using your vocabulary & notes from 9.7.*

* Fiscal policy involves decisions about t\_\_\_\_\_\_\_\_\_ & s\_\_\_\_\_\_\_\_\_\_\_\_\_, and it is controlled by the C\_\_\_\_\_\_\_\_\_\_\_\_ (legislative branch) & the P\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (executive branch).
* During contractions/recessions, the goal of fiscal policy is to (stimulate / slow down) economic growth. This involves (increasing / decreasing) taxes and (increasing / decreasing) government spending to encourage increased production & consumer demand.
* During expansions, near peaks, the goal of fiscal policy is to (stimulate / slow down) economic growth. This involves (increasing / decreasing) taxes and (increasing / decreasing) government spending to discourage increased production & consumer demand.