

CRASH COURSE: ECONOMICS

EPISODE 15: Imports, Exports, and Exchange Rates

STUDENT QUESTIONS

1. If a good is sold in the U.S. but is created in China, it counts as an _____ for the U.S. and an _____ for China.
2. If both imports and exports are counted, then the largest trading partner of the U.S. is _____.
3. The U.S. ranks as the world's _____ largest exporter.
4. If a nation exports \$500 million dollars' worth of goods and imports \$200 million dollars' worth in a single year, its net exports will be \$_____.
5. A trade surplus happens when net exports are _____; a trade deficit happens when net exports are negative.
6. Record three "ugly side effects" of international trade :
7. Explain why buying a foreign-made good MIGHT create a positive effect on jobs in the U.S. Give an original example of how this works :
8. What might be negative about the "reshuffling" of jobs involved in question #7? The jobs being supported in the scenario might be much lower-paying than the manufacturing jobs lost when production of goods moves overseas.
9. A trade agreement called _____ was established in 1994 to eliminate trade barriers between Mexico, Canada, and the U.S. Critics of it complain that it dropped the number of _____ jobs in the U.S. Advocates of it insist that it led to lower _____ on consumer goods.
10. If a nation is limiting the number of foreign goods that can enter the country and is taxing those that are imported, it is following a policy of _____.
11. Organizations designed to promote free trade include the _____, also known as the WTO.
12. One of the most important factors controlling trade between countries is _____.
13. If the dollar has "appreciated," it means that an American on vacation in Canada will be able to buy _____ per dollar than before because prices (expressed in dollars) are now _____.
14. When the dollar appreciates, it causes U.S. imports to _____ and U.S. exports to _____.
15. On the other hand, when the dollar depreciates, it causes U.S. imports to _____ and U.S. exports to _____.
16. A "floating exchange rate" is based on _____ and _____ for the currencies involved.
17. A country that is well-known for "pegging," or manipulating its exchange rate by buying large numbers of dollars is _____. This manipulation has allowed this country to make sure that their exports to the U.S. continue to have _____ prices so Americans will keep buying them.
18. Each nation maintains a "balance of payments" record. This is where _____ transactions are accounted for.
19. In a balance of payments, there are two kinds of accounts. The current account (or "capital" account) records sales and purchases of _____. The financial account is where sales and purchases of _____ are recorded.
20. The very low savings rate in the U.S. means that the nation is _____ everything it is producing.
21. Because the U.S. is importing more than it exports, the nation is running a trade _____.
22. Although international trade might have a terrible effect on an individual town, it is considered to be an overall benefit to the world because it improves the global _____.

Extra Credit / Discussion Prompt

- Two extremes in international trade policies are free trade (very low barriers) and protectionism (very high barriers) . Each has advantages and disadvantages. Which trade policy would you like to see the U.S. follow?