

# Unit 7: International Economics

Content Area: **Social Studies**  
Course(s): **AP Macro Economics**  
Time Period: **March**  
Length: **4 weeks**  
Status: **Published**

## Transfer Skills

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Students will be able to independently use their knowledge to assess how international economic systems impact our country's Macro economy. Students will also be able to show how exchange rates also impact international trade.

## Enduring Understandings

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Part of our Gross Domestic Product is imports and exports. Our imports and exports are impacted by the perceived price of the goods meaning are the goods relatively more or less expensive.

Exchange rates behave the same way goods do. They are impacted by the supply of currency in foreign markets and the demand for currency in the foreign markets.

High interest rates while bad for American businesses are attractive to foreign investors because they will get a better return on their investment.

Mutual trade is beneficial for each party, but in terms of international markets, is usually stalled by some type of barrier.

Politics, just like in the macro-economy, plays a big factor in international markets.

## Essential Questions

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What drives the supply and demand of currency and how does that impact purchasing of imports and exports?

How does the exchange rate help to dictate import and export sales?

How do barriers to trade impede trade and how do they help local businesses?

How does our fiscal and monetary policies impact foreign markets for our goods?

Is it better to pursue free trade policies or protect good with tariffs?

## **Content**

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### Vocabulary

Active Policy Making, Passive Policy Making, Exchange Rate, Tariffs, Quotas, North American Free Trade Agreement (NAFTA), Imports, Exports, Balance of Trade, Balance of Payments

## **Skills**

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Debate—The use of tariffs vs. Free trade

Analyze exchange rate graphs and discuss how exchange rate impacts net exports.

Assess our policies on trade and how they impact the international markets.

Compare countries and their policies on international trade.

Evaluate how exchange rate and interest rate changes impact trade and foreign markets.

Write an assessment of our policy on embargos on other countries for political reason

## **Resources**

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## Standards

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PFL.9.1.12.D.3	Summarize how investing builds wealth and assists in meeting long- and short-term financial goals.
SOC.6.2.12.C.5.e	Assess the reasons for and consequences of the growth of communism and shift toward a market economy in China.
SOC.6.1.12.C.16.c	Assess the impact of international trade, global business organizations, and overseas competition on the United States economy and workforce.
PFL.9.1.12.A.11	Explain the relationship between government programs and services and taxation.
SOC.6.1.12.C.5.a	Analyze the economic practices of corporations and monopolies regarding the production and marketing of goods, and determine the positive or negative impact of these practices on individuals and the nation and the need for government regulations.
SOC.6.1.12.C.14.c	Analyze economic trends, income distribution, labor participation (i.e., employment, the composition of the work force), and government and consumer debt and their impact on society.
SOC.6.1.12.C.14.a	Use economic indicators to evaluate the effectiveness of state and national fiscal (i.e., government spending and taxation) and monetary (i.e., interest rates) policies.
SOC.6.1.12.C.2.a	Assess the effectiveness of the new state and national governments attempts to respond to economic challenges including domestic (e.g., inflation, debt) and foreign trade policy issues.
SOC.6.2.12.C.5.d	Determine the challenges faced by developing nations in their efforts to compete in a global economy.
SOC.6.1.12.C.5.c	Analyze the cyclical nature of the economy and the impact of periods of expansion and recession on businesses and individuals.
SOC.6.1.12.C.16.b	Predict the impact of technology on the global workforce and on entrepreneurship.
SOC.6.2.12.C.5.b	Compare and contrast free market capitalism, Western European democratic socialism, and Soviet communism.
PFL.9.1.12.C.7	Analyze the rights and responsibilities of buyers and sellers under consumer protection laws.
PFL.9.1.12.C.8	Identify the types and characteristics of predatory lending practices (e.g., payday loans, car title loans, high-risk mortgages).
SOC.6.1.12.C.8.b	Relate social, cultural, and technological changes in the interwar period to the rise of a consumer economy and the changing role and status of women.
PFL.9.1.12.D.1	Calculate short- and long-term returns on various investments (e.g., stocks, bonds, mutual funds, IRAs, deferred pension plans, and so on).