**Civics & Economics**

**MONSTER Review Packet!**

**Part II**

**Name:**

**Due Date:**

**Unit 5 – Political Parties and Elections MONSTER REVIEW!**

Political Parties

Political parties are organizations that promote certain ideas and people.

Functions of Political Parties

* Nominate Candidates
* Inform Voters
* Ensure candidates are qualified
* Help govern in Congress and State Legislatures
* Act as watchdogs (especially of officials of other parties)

**Federalists** and **Anti-federalists** were the first two political parties in the US

Today, the US has a **two party system** - **Republicans and Democrats**

Political Spectrum

**Left (Liberal) ----- Moderate ----- Right (Conservative)**

**Radical** – extreme left

**Reactionary** – extreme right, opponent of progress and change

Planks- are the individual components of a political party’s platform

Platform - formal statement of the party’s principles and objectives, written at each party’s National Convention

Elections

Candidate - an individual running for political office

Nomination - naming those who will seek office

Delegate - an individual that represents the interests of a larger group. Delegates are often sent to conventions.

**Primary elections** - an election where registered voters elect a candidate that will run in a future election.

All states use some form of primary election to select Presidential candidates.

* + - closed primary = only declared party members can vote
    - open primary = any qualified voter can vote, no matter which political party they belong to
    - run-off primary = used to determine the winner when no majority is obtained in a primary election

Non-partisan Election - elections in which candidates are not identified with political parties

General Elections - elections in which final selections of office holders are made

Initiative – voters of a state can propose a law by gathering signatures & having the proposition placed on the ballot

Referendum – legislatures send issues to be voted directly by the people

Recall Election - voters can remove an official from office

Grassroots - political movements at the lowest level means that people from within a community are working together to bring about political change.

Political Machine - a local or state political organization that is so successful at winning elections that its candidates almost always win (headed by a big “boss” & involves corruption)

Voting

**Suffrage**- the right to vote

Universal Voting Requirements – **Citizenship, Age, Residency**

Other voting requirements – **registration**, **poll tax** (banned by 24th amendment), literacy (no longer a requirement)

Voter Apathy = the primary reason why people don’t vote

Polling Place - a place where voters cast their vote

Exit Poll - a survey taken after you have voted to ask for whom you voted in the election.

* used to predict the results before the official results are counted

Precinct - the smallest political division

* Precincts are formed to organize small groups of voters
* People from the same precinct will vote at the same polling place.

Ballot - voters cast their votes on ballots

**Gerrymandering**

Electing the President

The Electoral College **officially elects the President and Vice President**

Each state’s electoral votes are decided by **the number of Senators + the number of Representatives**

**NC has 15 electoral votes** (2 Senators + 13 Reps.)

California has the most electoral votes because it has the largest population

**538 total electoral votes** (100 Senate, 435 House, 3 for DC due to the 23rd Amendment)

**270 votes (majority) are required to win** the presidency

If no candidate receive 270 electoral votes

* **House elects the Pres.**
* **Senate elects the VP**

Voting Amendments

**14-** Establishes citizenship, guarantees all persons equal access to public facilities

**15**- Right to vote cannot be denied based on race

**19**- Right to vote cannot be denied based on sex

**24**- Outlawed poll taxes

**26**- Voting age is 18

Campaigning

**Political Action Committees** (PAC) - non- party private groups organized to elect government officials in order to promote the groups interests

* PAC’s play a major part in giving money to candidates in hopes for legislation to be passed in their favor

**Soft Money** - non regulated money for campaigns

**Hard Money** - campaign money that is regulated

Propaganda

Mass Media- communication that reaches a vast audience (TV is the most reliable form of mass media)

Propaganda Techniques

**Glittering Generalities, Bandwagon, Name Calling, Card-Stacking, Just Plain Folks, Celebrity Testimonials, Symbols/Transfer**

**Slander** – false verbal statement that defames a person

**Libel** – published words that falsely defame a person

Interest Groups

**Interest groups** – members share certain views and work to shape public policy (Ex. ACLU, NAACP, AARP, NEA)

**Lobbying** – interest groups pressure legislators in hopes that legislation would be passed.

Solving Problems

**Negotiation** –discussing an issue between two or more parties with competing interests with an aim of coming to an agreement

**Arbitration** – opposing sides consult with a third party and that third party in turn provides a legally binding decision that solves the dispute

**Mediation** – a third party helps the disagreeing parties come to agreement (this agreement is not legally binding)

**Unit 5 – Review Questions**

1. A majority of citizens do not vote because they are apathetic. What does apathetic mean?
2. What kind of party system does the US have?
3. What are the dominant political parties in the US?
4. Label the five groups on the political spectrum below.

1. What is the difference between a party’s platform and a plank?
2. Where is a party’s presidential candidateofficially named and a party platform decided upon?
3. What are interest groups and why do they form?
4. What do we call a person who goes to speak to legislators on behalf of their interest groups in hopes that legislation would be passed in their favor?
5. What term describes non-party private groups organized to elect govt. officials in order to promote their group’s interests? (These groups give money to political candidates).
6. Why do many people criticize interest groups for having too much influence in the political process?
7. List three universal voting requirements in the US.
8. Explain the difference between a primary election and general election.
9. Why would citizens hold a recall election?
10. How do we determine the number of electoral votes for each state?
11. How many electoral votes are there in the Electoral College? How many are needed to win the presidency?
12. If no presidential candidate wins a majority of the electoral votes, who selects the president?
13. If no presidential candidate wins a majority of the electoral votes, who selects the vice president?
14. What amendment gave women the right to vote?
15. What amendment set the voting age at 18?
16. What amendment guaranteed that all citizens have equal access to public facilities?
17. What amendment gave African Americans the right to vote?
18. is the study of the rights and responsibilities of citizens.
19. Explain the difference between a civic duty and civic responsibility. Provide TWO examples of each.
20. What does the phrase *E Pluribus Unum* mean? Why is it used to describe the diversity American society?
21. Describe the importance of tolerance in a culturally diverse society.
22. What government agency is responsible for assisting immigrants with the naturalization process?

**Unit 6 – Law & Order MONSTER REVIEW!**

**Jurisdiction** = power to hear a case

Types of Jurisdiction

**Exclusive** = power of the federal courts alone to hear a case

**Concurrent** = Federal and State courts share the power to hear cases

**Original** = the power of a court to hear a case first

**Appellate** = the authority to review decisions of inferior courts

US Court System

**Article III** of US Constitution created the Supreme Court and allows US Congress to create any needed inferior courts

Federal Court system has **jurisdiction** in only cases involving

* US Constitution
* Federal law
* Maritime laws
* Suits where the US Govt. is involved
* Between states
* Citizens of different states
* Foreign govt.
* Ambassadors

US Supreme Court

Highest US Court

Has original and appellate jurisdiction (primarily final appeals court)

Power of **Judicial Review** = power to determine if a law is in agreement with the US Constitution

- established by **Marbury v. Madison**

US Court of Appeals

Designed to relieve caseload of the US Supreme Court

12 US Courts of Appeals, has appellate jurisdiction

Reasons why someone may appeal: district court followed a wrong procedure, did not apply the law correctly or introduction of new evidence

Court of Appeals may make 3 possible rulings: **uphold, overturn or remand**

US District Courts

Federal trial courts created by the Congress

Hears both civil and criminal cases that are Federal crimes

94 US District Courts, has original jurisdiction

NC is in the 4th US District Court.

**HISTORY OF LAW**

Code of Hammurabi- 1st known system of written law, “eye for an eye” concepts

10 Commandments- moral laws

Justinian Code – based on Roman law, justice, punishments should fit the crime

Jurisprudence- study of the law

Foundations of American Law- Magna Carta, Eng. B of R, Mayflower Compact, D. of I., Constitution

**TYPES OF LAW**

Common Law- law based on precedent, *stare decisis*- “let the decision stand”

Statutory Law- law enacted by a legislature

Administrative Law- regulations placed by federal, state, and local executive offices

(CDC, FDA, FCC, FTC, CPSC, FAA, NASA, CIA, ICC)

Constitutional Law- laws interpreting the Constitution

Criminal/Civil Law

International Law- treaties and agreements among nations

**HOW TO BE INFORMED ABOUT LAWS**

Town meetings, media, public hearings/forums, mailings (franking privilege)

“Ignorance of the law is no excuse”

“Presumed knowledge of the law”

**INFLUENCING LAW**

Interest groups try to shape law to benefit their organizations; PACs

Initiative- citizens can propose new laws through initiative and grassroots movements

**LAW ENFORCEMENT**

Federal- Secret Service, FBI, National Guard, DEA, ATF, US Marshals, Fed. Bureau of Prisons, CIS

State- SBI, NC Highway Patrol

Local- CMPD

**PUNISHMENT**

4 Theories of Punishment: retribution, rehabilitation, incapacitation, deterrence

Mitigating/Aggravating Factors

8th Amendment- no excessive bail, nor cruel or unusual punishment

Capital Punishment

Preventative Detention

Incarceration- prison, jail

Probation, parole, community service, house arrest, monetary compensation, boot camp, juvie

3 Strikes Law, Mandatory Sentencing

**RIGHTS OF THE ACCUSED**

4th, 5th, 6th, 8th, 14th Amendments

Court Cases- *Miranda v. Arizona, Gideon v. Wainwright, Mapp v. Ohio*

Writ of habeas corpus, no bill of attainder laws, no ex post facto laws

Criminal & Civil Court Proceedings Vocabulary

* Felony – a serious crime like murder, rape, kidnapping, etc.
* Misdemeanor – relatively minor crimes
* Arrest Warrant – court order authorizing a person’s arrest
* Bail – money put up by an accused person that guarantees he will show up for the trial or they lose the money
* Hearing – pre-trial meetings to try to settle motions and to investigate accusations
* Bailiff – an officer of the court that maintains order during a trial
* Court Docket – calendar showing the cases the court will hear
* Adversarial Nature of the Courts - trial has two opposing sides – defense & the prosecution
  + Prosecutor – a lawyer that starts and carries out a legal action (the state)
  + Defendant – is the person or party accused of a crime or injury in a trial
* Subpoena – order for a person to appear in court to produce documents or to testify
* Summons – a notice directing someone to appear in court to answer a complaint or charge or to be a juror
* Torts – wrongful acts for which the injured party has the right to sue over
* Compliant – formal notice that a lawsuit is being brought, names defendant and plaintiff
* Plaintiff – is the person or party filing the lawsuit in a trial
* Indictment – a formal charge by a grand jury
* Perjury – lying under oath
* Petit Jury – is a trial jury of the accused person’s peers
* Grand Jury – a formal group that looks to see if there is enough evidence to try an accused person
* Preliminary Hearings – meetings to decide if there is enough evidence for a trial or to settle motions by lawyers
* Arraignment - call defendant before a court to answer an indictment
* Plea – when an accused person tells the court if they are innocent or guilty
* Plea Bargaining – an agreement when the defendant agrees to plead guilty but to a lesser charge or sentence
* Settlement – an agreement between 2 sides of a trial to not to go to trial & usually some money is paid
  + - Verdict – the finding of a jury or judge in a trial
    - Sentence – the fines, probation or sentence a guilty person receives from a criminal trial
    - Acquittal - defendant is found not guilty & is released
    - Capital Offense – a crime so serious that the death penalty is considered
    - Appeal – to ask a higher court to review a court case for mistakes

Conflict Resolution

Negotiation Compromise Consensus

**Negotiation**=form of conflict resolution in which one party may or may not use a third party to bargain for terms that benefit one or both parties

* Mediation = third party (person) guides the arguing parties to a solution
* Arbitration = third party makes the decision for the arguing parties based on evidence given in a formal setting (legally binding)

**Compromise**= two arguing parties give up certain demands in order to accomplish a mutual goal

**Consensus**= general agreement is made by all parties after careful consideration of the opinions of all members of the group

**Unit 6 – Review Questions**

1. What are the three levels of US Federal Courts?
2. The power to hear a case first is known as jurisdiction.
3. The power to hear a case from an inferior court is known as jurisdiction.
4. What three verdicts may an appellate court judge make when deciding a case?
5. What kinds of cases deal with disputes between private parties that usually result in the award of money or a fine?
6. In conflict resolution, what is the difference between arbitration and mediation?
7. Explain the primary benefits of resolving conflicts through consensus.
8. What is the difference between a felony and misdemeanor criminal case? Provide an example of each.
9. The hears all the evidence of the case to decide if there is enough evidence to bring the case to trial.
10. A Grand Jury hearing can lead to a(n) also known as a formal charge.
11. At what point in the criminal trial process does the accused enter a plea?
12. In criminal cases, theburden of proof rests with the
13. What term means lying under oath?
14. Explain the difference between an acquittal and a “hung” jury.
15. The accused can plead guilty and then receive a lesser punishment. What is this known as?
16. What court case guarantees the right to an attorney?
17. What right guaranteed by the 5th amendment means going through the procedures of a trial?
18. What amendment extends the responsibility of upholding due process to the states?
19. What court case claims that illegally obtained evidence cannot be used in the court of law?
20. What Supreme Court case allows the federal government to restrict the rights of individuals during a time of national crisis?

21. What was the first know system of written law?

22. What set of Roman laws established the idea of justice as well as the concept that the punishment should fit the crime?

23. What set of moral codes has greatly influenced laws that the US enforces today?

24. What type of law is set by executive agencies?

25. What executive agency protects the consumer by setting regulations on products sold in the market?

26. What executive agency regulates television and radio?

27. What executive agency regulates space exploration?

28. What executive agency is responsible for preventing the spread of infectious diseases?

29. Common law is based on

30. What does it mean to be incarcerated?

31. Explain the difference between parole and probation.

32. What amendment protects the accused from excessive bail and cruel and unusual punishment?

33. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ laws are prohibited by the US Constitution and allow the accused to be punished without a trial.

34. What amendment protects citizens from unreasonable searches and seizures?

35. Speedy and public trial by an impartial jury is guaranteed by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amendment.

36. What right guaranteed by the 5th Amendment claims that one cannot be forced to testify against himself?

37. What right guaranteed by the 5th Amendment ensures procedural fairness?

38. What right guaranteed by the 5th Amendment claims that one cannot be tried for the same crime twice?

**Unit 7 – Economic Fundamentals MONSTER REVIEW!**

Economics

**Needs vs. Wants**

**Goods and Services**

Scarcity

**Scarcity: Our needs and wants are unlimited but resources are limited**

Because of scarcity we must answer some economic questions

* + **What to produce?**
  + **How to produce?**
  + **For whom to produce?**

**Renewable vs. non-renewable resources**

Economic Decisions

**Trade-off**

**Opportunity costs**

**“Guns and butter”**

**Thinking at the margin**

Production

4 Factors of Production: **land, labor, capital (Physical vs. Human capital), entrepreneurship**

**Productivity**

**Production Possibilities Curve/Frontier**

**Underutilization**

**Law of Diminishing Marginal Returns**

**Incentive**

Costs of Production

**Fixed Costs**

**Variable Costs**

**Total Costs**

**Marginal Costs**

**Marginal Revenue**

**Cost-Benefit Analysis**

Becoming More Productive

**Specialization**

**Division of labor**

**Assembly Line**

Technological advances: **robotics, inventions, innovation and automation**

Labor

**Blue collar vs. White collar workers**

**Wage vs. salary**

Free Market Economy

**Market** – arrangement that allows buyers and sellers to exchange money for goods and services

**Free Market Economy** – individuals own the factors of production and make their own economic decisions

**Circular flow of the economy** (physical and monetary flow between households and firms)

5 Basic Concepts of a Market Economy:

* Private ownership of resources, self-interest motive, **consumer sovereignty**, markets where goods and services are exchanged, **competition**

**Adam Smith**

* + - **“The Father of Economics”**
    - Wrote***Wealthof Nations***(division of labor, workers should specialize, the invisible hand, self- interests are the motivating force of the market, competition is the regulating force of the market)
    - ***Laissez Faire***Economic Philosophy

Economic Systems

**Traditional Economy**: Ritual, custom and tradition answer the questions of what to produce, how to produce, and for whom to produce.

**Command Economy**: The central government makes all decisions on the production and consumption of goods and service

**Market Economy**: All economic decisions are made by individuals (the US has a market economy)

**Mixed Economy**: Economic systems that combine characteristics of more than one type of economy.

Political Philosophies and Economic Systems

**Communism**

**Socialism**

**Capitalism**

Demand

**Demand**: The desire to own something and the ability to pay for it

Demand Curve

**Law of Demand**: price and demand have an inverse relationship.

Demand Schedule

**Substitutes**

**Complements**

**Shift in the demand curve** (change in external factors)

* price of a substitute
* price of a complement
* change in income
* consumer expectations
* consumer tastes
* population size

**Movement along the demand curv**e (change in price)

Elasticity of Demand: a measure of how consumers react to a change in price

* + - **ElasticDemand**– change in price affects the quantity demanded (ex. soft drinks)
      * if a good has many substitutes then its demand is elastic
    - **InelasticDemand** – change in price does not affect the quantity demanded (ex. medicine)

Supply

**Supply**: The amount of goods available

Supply curve

**Law of Supply**: price and supply have a direct relationship

Supply schedule

**Shift in the supply curve** (change in external factors)

- cost of an input, change in technology, government regulations, change in taxes, govt. subsidy)

**Movement along the supply curve** (change in price)

Elasticity of Supply: a measure of the way quantity supplied reacts to a change in price

* + - **Elastic Supply** – change in price affects the quantity supplied
    - **Inelastic Supply** – change in price does not affect the qty. supplied (ex. Van Gogh painting)

Supply and Demand

**Equilibrium / Disequilibrium**

**Shortage** – qty. demanded is greater than qty. supplied

**Surplus** – qty. supplied is greater that qty. demanded

Government Intervention in a market economy

**Price ceilings**

**Price floors**

**Inflation** – general increase in the prices of goods

**Deflation** – a substantial drop in prices

Market Structures

**Perfectly competitive markets**: always efficient, at equilibrium, many buyers and sellers, sellers sell identical products, buyers are well informed about products, sellers are able to enter and exit the market freely. (few markets are perfectly competitive b/c of barriers)

**Monopoly**: A market dominated by a single seller

* + **Sherman Antitrust Act** – banned monopolies

**Oligopoly**: A market in which a few large firms dominate

Business Organizations

**Sole Proprietorship** – unlimited liability, limited life, limited access to resources, easy start-up, sole receiver of profit

**Partnerships** – unlimited liability, partners do not have absolute control, larger pool of assets

**Corporations** – (owned by stockholders, profits called dividends) limited liability, transferable ownership, difficult to start up

**Franchise** – a business established under an authorization to sell a company’s goods in a particular area

Corporate Combinations

**Horizontal merger, vertical merger, conglomerate**

Labor

Labor Unions Right to Work laws Strike Collective Bargaining

Mediation Abritration

**GOAL 7 – Review Questions**

1. What is the fundamental economic problem?
2. List the four factors of production.
3. Explain the difference between physical capital and human capital.
4. What factor of production is each of the following? (If capital tell what kind of capital)
5. office building
6. water
7. job training
8. hammer
9. worker that places goods in boxes
10. roads
11. CEO of FedEx
12. What types of workers are typically paid a wage and perform manual labor?
13. Doctors and lawyers would be an example of what type of worker?
14. Jan wants to go out to eat with her friends but she also needs to study for a test. Jan decides to stay home and study. What is Jan’s opportunity cost in this situation?
15. We discussed the example of guns and butter in class. Why can a society not produce all of the guns and all of the butter that it desires?
16. If one thinks about the benefits of using one more unit, what is this called?
17. What is the degree to which resources are being used efficiently to produce goods and services?
18. What graph shows ways to use an economy’s resources?
19. What term do we use to describe using fewer resources than an economy is capable of using?
20. In what ways could an economy increase their productivity and promote economic growth?
21. An assembly line is an example of breaking down labor into smaller parts to increase productivity. What term describes this?
22. Growth in an economy can cause the frontier to shift to the
23. Ben owns a pizza shop. He is trying to decide if he should open his store on Thursday evenings. Tell what kind of costs each of the following will be.
    1. Wages to pay workers
    2. Mortgage payment for the building
    3. The money earned by opening the pizza shop one additional day.
    4. The additional cost of opening the store on Thursday evenings.
24. What major work, written by economist Adam Smith, provides the foundation for a free-market economic system?
25. Adam Smith introduced what concept that depicts that the market will regulate itself?
26. What economic philosophy means that the government should generally not intervene in a market economy?
27. What term describes that the consumer decides what goods are available in the market?
28. What characteristic of a market economy means that sellers work to gain consumer business by lowering prices or offering advantages to buying their product?

**Unit 8 – Money makes the world go ‘round MONSTER REVIEW!**

Stock Market

**Stockholder, dividends, capital gains, capital loss, NYSE, NASDAQ, Bull Market, Bear Market, Mutual Fund**

Keynesian Economics

**John Maynard Keynes** – it is sometimes necessary for the govt. to step in and regulate the economy.

**Fiscal policy**

**Expansionary Policy (during recession)**

* + Govt. should increase spending
  + Govt. should decrease taxes

**ContractionaryPolicy(during inflation)**

* + Govt. should decrease spending
  + Govt. should increase taxes

Money and the Fed

**3 uses of money =** Medium of exchange, Unit of Account**,** Store of Value

**Characteristics of Money =** Durability, Portability, Divisibility, Uniformity, Limited Supply, Acceptability

**Fiat money**

**Representative money (commodity money)**

**Federal Reserve (**12 regional banks)

* regulate the distribution & flow of money
* implement monetary policy
* control the amount of currency available

Functions of Banks – store money, save money, loan money

**Collateral**

**FDIC**

CDs, Money markets, Savings Bonds

Karl Marx

**Communist Manifesto** – foundations for **communism**

**Workers of all lands, unite!**

**Proletariat and Bourgeois**

**Unit 8 – Review Questions**

1. What type of economic system is based on ritual and custom?
2. How are all economic decisions made in a command economy?
3. Who makes economic decisions in a market economy?
4. How are prices determined in a free-enterprise economic system?
5. Capitalism is associated with what type of economy?
6. What economist wrote *Communist Manifesto* and explained the foundations of communism?
7. What diagram shows the movement of goods/services and money from firms to households and from households to firms?
8. Provide an example of an activity that would take place in the factor market.
9. What type of economic activities would occur in the product market?
10. According to the Law of Demand, as price increases, demand
11. According to the Law of Supply, as price increases, supply
12. Consider the demand for pillowcases. If the cost of pillows increases to $200.00, what will happen to the demand for pillowcases?
13. Consider the demand for Skittles. If the cost of Starbursts drops to 10 cents, what will happen to the demand for Skittles?
14. What term is used to describe the point at which supply and demand intersect?
15. Any point at which supply and demand is not at equilibrium is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
16. What effect would a shortage of goods have on prices in a market economy? How would a surplus affect prices?
17. How would a high unemployment rate influence consumer spending?
18. What type of market is controlled by a single seller?
19. How do antitrust laws help maintain competition and protect consumers?
20. What type of business organization allows the owner to be the sole receiver of profits and make all business decisions?
21. What type of business organization has limited liability?
22. What are the profits of stockholders called?
23. Explain the three types of corporate combinations that occur.
24. What term describes an organization that works to improve wages and working conditions?

**Unit 9 – Who Wants to be a Milionaire MONSTER REVIEW!**

Measuring the Economy

**GDP – Gross Domestic Product**

* The value of goods produced within a countries borders
* Nominal vs. Real GDP
* Per capita GDP
* Standard of living

**GNP – Gross National Product**

* The value of goods and services produced within one year, plus the value of goods produced by citizens living abroad, minus income earned by foreigners in the country

**CPI** – Consumer Price Index

* A measure of the change in prices. **Measures the purchasing power of the dollar** (**Base Year = 100)**

The Business Cycle

**Expansion:** a period of economic growth, real GDP rises

**Peak:** when GDP stops rising

**Contraction:** a period of economic decline, real GDP falls

**Trough:** when GDP stops falling

Regulating Business

Executive Agencies regulate business

* **FTC** (antitrust laws), **EPA** (Environmental Protection), **OSHA** (workplace Safety), **CPSC**&**FDA** (Consumer Protection), **FCC** (Communication), **EEOC** (Employment, affirmative action, labor disputes)
* **Deregulation**: removal of govt. controls over the market (laissez faire)

Movement of Resources

**Human Resources**

* **immigrant workers**
* **migrant workers**

**Capital Resources -** companies move where they can maximize profit

Trade

**Trade** – exchange of goods and/or services for money or other good and services

**Bartering** – Exchanging goods for other goods

Nations must trade with one another because resources are distributed worldwide and nations **specialize**.

Trade barriers – **quotas, tariffs, and embargo**

Trade Agreements: **NAFTA, EU, WTO**

**Globalization**

**Favorable vs. Unfavorable Balance of Trade**

Measuring Trade – **exchange rate, appreciation vs. depreciation of the dollar**

Economic Development

Historically nations have been labeled as **3rd (agricultural), 2nd (communist) & 1st (industrialized) World Countries**. Today we label countries **as Developed Countries** and **Developing Countries** (less developed countries)

Primary measure for Developed/Developing is **per capita GDP**

Other measures of development

* energy consumption
* labor force
* consumer goods
* literacy
* life expectancy
* infant mortality rate
* infrastructure

**World Bank**

**IMF**

Global Concerns of economic development

* **Out-sourcing, child labor, human rights violations, environmental violations**

Monetary Policy

**Contractionary Policy** (**tight money**) – during **inflation**

* **Decrease govt. spending**
* **Increase taxes**
* **Increase reserve requirement**
* **Increase interest rates**
* **Increase the discount rate**

**Expansionary Policy** (**easy money**) – during **recession**, **depression**

* **Increase government spending**
* **Decrease taxes**
* **Decrease reserve requirements**
* **Decrease interest rates**
* **Decrease the discount rate**

Economic Conditions and Policy Decisions

**Clean Air & Water Act**

**Not in my Back Yard debate**

**Cuban Economic Embargo**

**OPEC Oil Embargo**

**Zoning Laws**

**Building Codes**

**GOAL 9 – Review Questions**

1. measures the value of products produced by a country’s citizens.
2. measures products produced within a country’s borders.
3. GDP is GDP measured in constant, unchanging prices.
4. List the four phases of the business cycle and explain what occurs during each phase.
5. Explain the difference between fiscal policy and monetary policy.
6. In periods of inflation, the government would use a policy
7. In periods of recession, the government would use a policy
8. Tell if each situation corresponds with an expansionary policy or a contractionary policy. (try this first without using your notes to check your understanding of fiscal policy)
   1. Government decreases taxes
   2. Government raises reserve requirement
   3. Government decreases spending
   4. Government decreases interest rates
   5. Government increases the monetary supply
9. Describe the transition from a barter system to monetary system.
10. How do banks use deposits from customers?
11. What was created to insure customer deposits if the bank fails?
12. What is the primary measure for determining if a country is developed or developing?
13. Explain the impact of increasing economic interdependence on the lives of consumers.