

Essential Standard:

- CE.E.2 Understand factors of economic interdependence and their impact on nations.
 - Concept(s): Economic Interdependence, Trade, Markets

CE.E.2.1

Explain the basic concepts of trade (e.g., including absolute and comparative advantage, exchange rates, balance of trade, gains from trade, etc.).

Students will understand:

1. Trade can cause economies to change.
2. Trade allows a nation to specialize.
3. Producers who do not have a comparative advantage may be driven out of business.

Students will know:

1. A voluntary trade benefits both parties.
2. The definitions of absolute and comparative advantage. How to determine absolute versus comparative advantage.
3. Why comparative advantage gives nations, businesses, and people an incentive to specialize and trade.
4. The consequences of a negative balance of trade