

SOL 12d



Just Do It!



- With your neighbor, you will answer the following questions.
- You both must write this down in your notebooks.
- Give complete answers!

Just Do It!



- What are the four types of private financial institutions?
- What is the financial institution that requires you to be a member of to use it?
- What is the most common type of private financial institution?
- Banks are businesses which means they have a goal. What is this goal? (What are they trying to do as a business)
- What is an incentive that one bank might use to compete with another?

Answers!



- Commercial banks, Mutual Savings Banks, Savings and Loans Companies, Credit Unions
- Credit Unions
- Commercial Banks
- Banks are businesses which means they want to make a profit.
- Interest rates on savings deposits!

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Vocabulary Terms



- International Trade: is the exchange of goods and services between countries
- Globalization: The buying and selling of goods and services by all nations in a worldwide market.
- Specialization: Focusing resources on producing a limited variety of goods and services.
- Import: **To bring in** goods or services into a country or state from another country or state.
- Export: **To send** goods or services to another country or state



- So why does Virginia and the United States pursue international trade?
- In order to increase wealth \$\$\$\$\$ and to purchase less expensive goods

Reasons that States and Nations Trade



- To **obtain goods** and services they **cannot produce** or **cannot produce efficiently** themselves.
- To **buy goods** and services at a **lower cost** or a **lower opportunity cost**
- To **sell goods** and services to other countries
- To **create jobs**

Specialization



- Virginia and the United States specialize in the production of certain goods and services, which promotes efficiency (maximum productivity) and growth.
- Specialization results in lower costs of production and that causes lower prices.

Virginia Specialization Example



- Frasier Firs are a type of Christmas Tree. They are grown in rich soil and high elevation areas in Virginia (the mountains). They do not grow well in lower elevations in Virginia, like my hometown for example. We could grow them at the farms but it would not be effective or efficient enough to make a profit for the cost to grow them would be very high. So, the mountainous areas of Virginia specializes in the production of Frasier Fir Christmas Trees because they can be produced efficiently and effectively at lower costs. They then sell these trees to the other areas of Virginia that cannot grow them. This is specialization of a product.

Another Specialization Example



- Virginia climate is suitable for growing soybeans but not bananas. Ecuador has a tropical climate, which is well suited for growing bananas. As a result, Virginia can use its land more efficiently to grow soybeans than to grow bananas. Virginia can sell the soybeans and use the money to buy bananas from Ecuador. Virginia could grow bananas, but Virginia's soil and climate would produce very few bananas per acre. As a result, the cost of production bananas in Virginia would be high. So instead, Virginia specializes in producing soybeans because it is the most efficient use of its resources.

International Trade Helps Markets Grow



- International trade expands the markets for goods from Virginia and the United States. These larger markets mean more opportunity to sell goods and services. More sales means more profit!

International Trade Creates Jobs

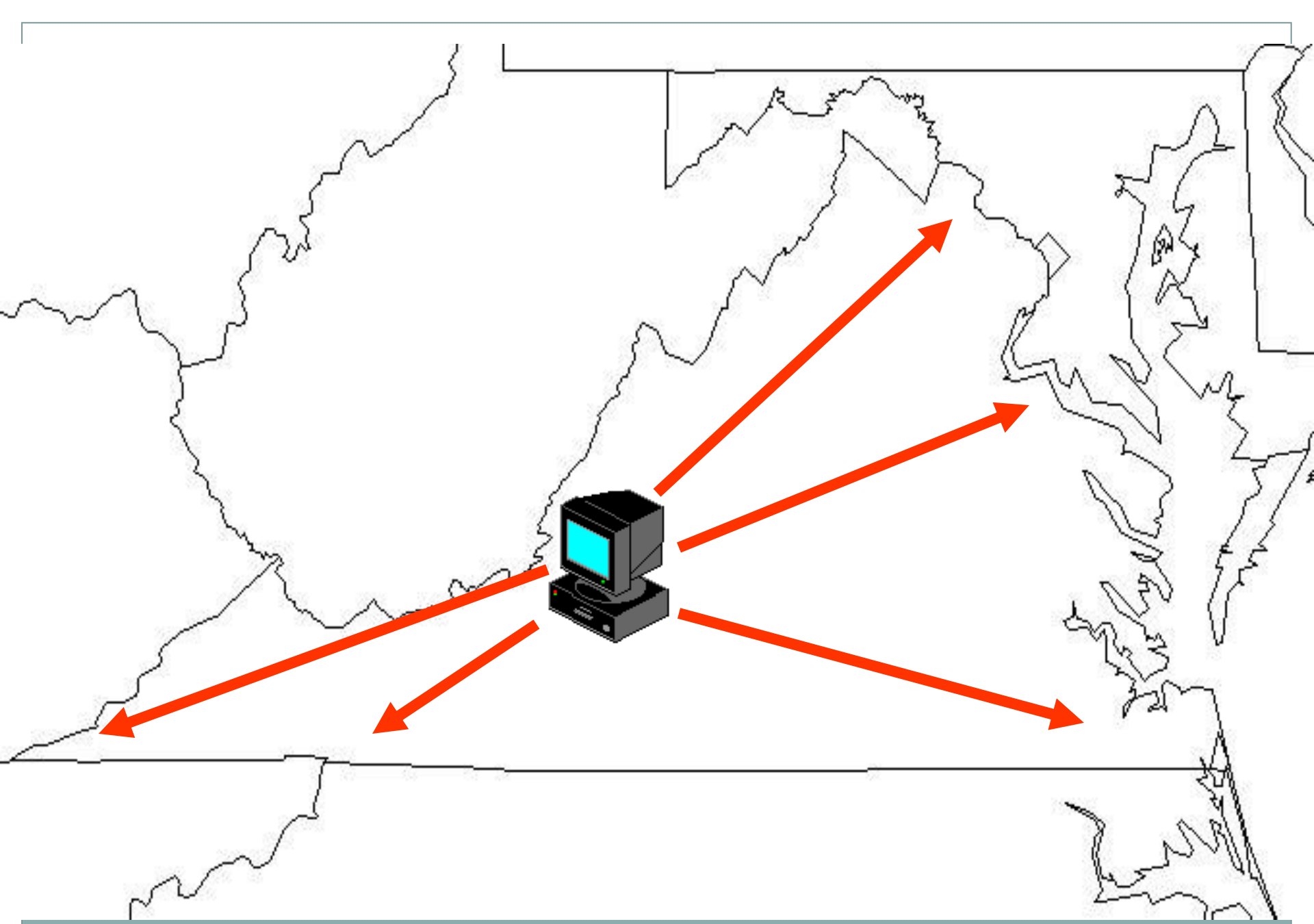


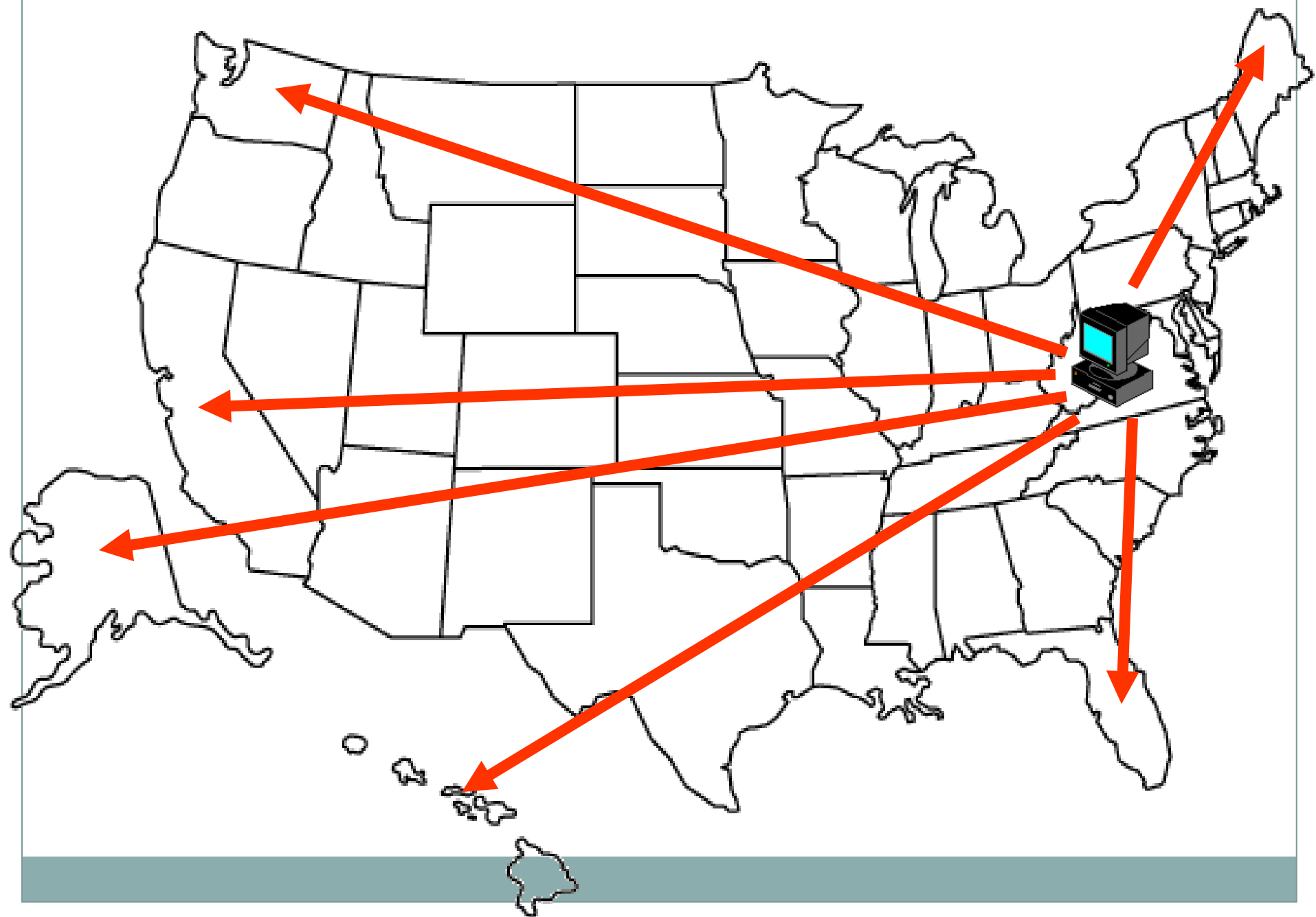
- As we just saw, international trade helps markets grow resulting in more profit. Companies will take this profit and expand to produce more goods and services to meet the worldwide demand. Because production is increasing, the need for human resources (labor) expands which creates jobs for workers.

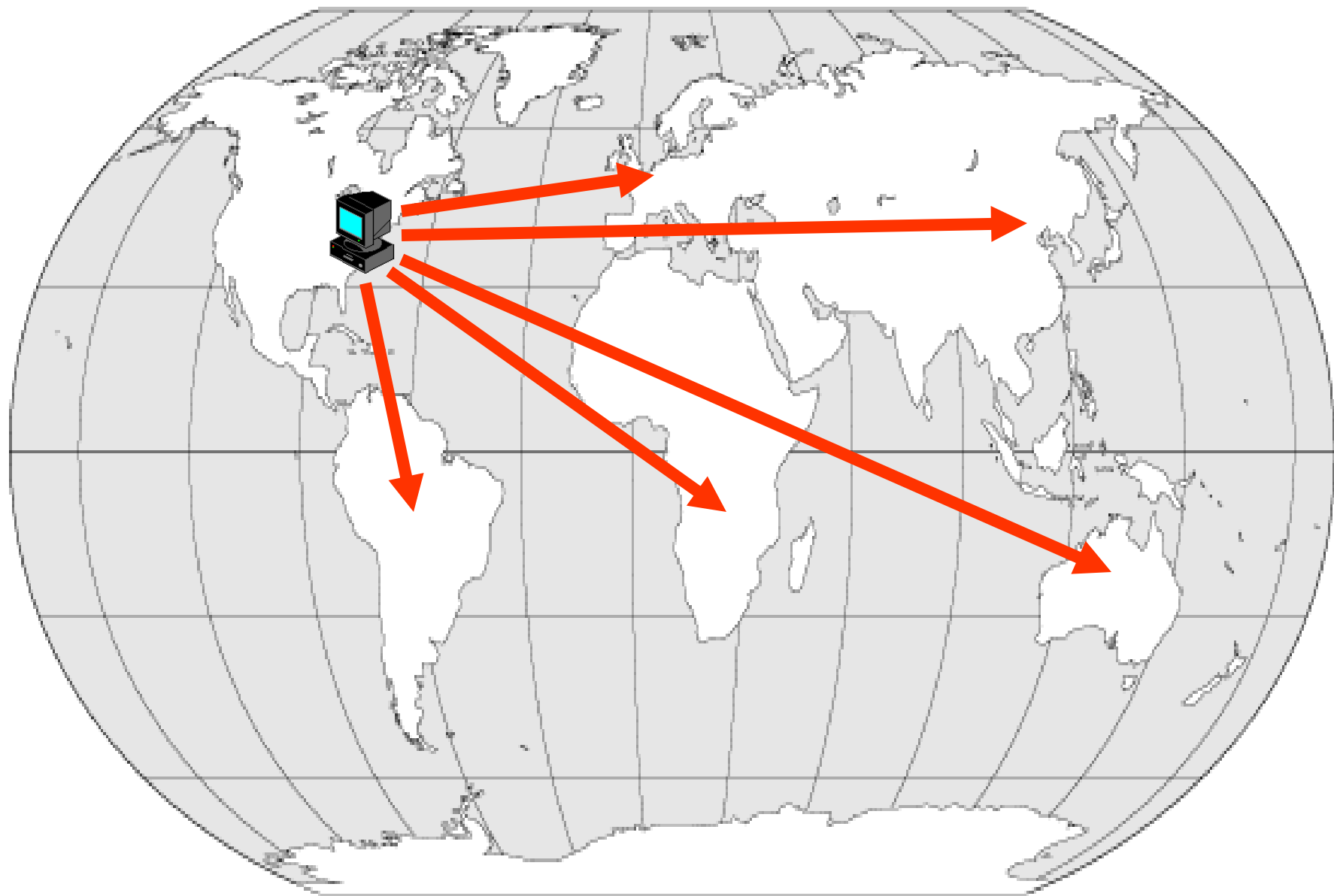
Technology and Trading



- Technology is the use of science to advance or improve business or industry.
- Technological Innovations (discoveries and improvements) have had a huge impact on world trade.
- It has increased capital, increased the amount of goods and services, and increased the flow of information







The Internet



- Innovations in technology (**especially the internet**) contribute to the global flow of information, capital, goods, and services.
- The use of technology **lowers the cost of production** because it helps make production more efficient!
- The internet has had the **biggest** impact on the global flow of information
- Because technology has become so advanced, it has increased the need for people to develop computer software

Import and Export Activity



- We are going to do an online activity.
- With the same partners as the Just Do It! Activity, you will work on this activity together.
- When I say so, one person from your two person group will come get a laptop and log on and go to my website.
- Under resources you under 12d you will see the Import and Export Activity Link. Click on it.



- Once you get to the website, all eyes on me for I will give you instructions on how to complete this activity.