

Section 1: Guided Reading and Review

Why Nations Trade



A. As You Read

As you read Section 1, answer the following questions about international trade in the spaces provided.

1. What resources are major influences on a country's or region's economy? _____

2. Why do countries differ in their capacities to produce different goods and services?

3. Why do specializing nations need world trade? _____

4. Why does trade benefit both countries with abundance and countries with few resources?

5. How do nations benefit from producing goods and services they have a comparative advantage in supplying? _____

6. How can international specialization affect some workers? _____

7. What possibilities do laid-off workers face? _____

B. Reviewing Key Terms

Briefly define or identify each of the following.

8. absolute advantage _____
9. export _____
10. import _____
11. comparative advantage _____

Section 3: Guided Reading and Review

Measuring Trade



A. As You Read

As you read Section 3, supply likely consequences or solutions in the chart.

In Matters of International Trade

<i>If</i>	<i>Then</i>
1. a U.S. tourist wants to buy a newspaper in Beijing	1.
2. you want to learn current exchange rates	2.
3. a strong dollar makes American products more expensive in Japan	3.
4. the dollar is devalued	4.
5. an American firm needs to exchange yen for dollars	5.
6. low labor costs abroad result in lower prices for U.S. imports	6.

B. Reviewing Key Terms

Briefly explain the difference between the terms in each pair.

7. fixed exchange-rate system and flexible exchange-rate system _____

8. trade surplus and trade deficit _____

9. appreciation and depreciation _____
