ECON 101 Answer Sheet

Vocabulary

1. Economy: A group of people who make stuff and divide it up.
2. Economic Interdependence: When people and places depend on other people and places in order to survive.
3. Supply: How much of something there is.
4. Demand: How much people want something.
5. Import: BUYING from another country.
6. Export: SELLING to another country.
7. Balance of Trade: How much a country sells versus how much they buy.
8. Specialization: When a person does the same thing over and over in an economy.
9. Gross Domestic Product per capita: A number that tells how rich or poor a country is.
10. Natural Resource: Something from the earth we use.
11. Distribution: How something is spread out.

Comprehension Questions

2. One thing that happens because of economic interdependence is trade. Another thing that happens is people are able to have more stuff.

3. Two things that might happen because of uneven distribution of resources are trade and war.

4. If people are economically independent with another group of people who have a different culture, they will trade with each other. Through the trade, they will become familiar with each other’s culture and adopt parts of it.

5. Low

6. High

7. Medium to Low

8. The relationship between supply and demand determines the price.

9. The use of money in an economy makes specialization easier.

10. People are able to do their one job very well so the stuff they make will be better. Plus, if you have a lot of people who specialize in separate things, then your economy will have a lot of different stuff. Obviously, it also increases economic interdependence.

11. Division of Labor

12. A. Lumber B. Japan C. 27.5 million dollars

13. GDP shows how rich or poor a country is.

14. $50,000 a year

15. Something from the earth people use.

16. Oil, gas, and plastic.

17. The demand for resources change because technology can change the importance of a resource.

18. Mostly, the United States has a tertiary economy.