Answer Key

Chapter 2

Economics Skills and Problem-Solving Activities

Main Ideas

1. Answers will vary, but may include: China has a much larger population, but a smaller GDP and GDP per capita. However, their unemployment and poverty rates are a little lower, but not by much. The two countries have similar export levels, but China imports much less. Jobs in the U.S. are mostly service, whereas China is focused on industry and agriculture.
2. Answers will vary, but may include: Given the lower GDP per capita, Chinese probably live more modestly, with fewer belongings and more moderate spending habits than Americans. They probably do more physical labor in factories and on farms than Americas, who mostly work in service jobs.
3. Answers will vary. Some students may suggest that the Chinese population is so large that even with a large economy, there are not enough resources for all people to have a high standard of living. Their population is more than four times that of the U.S., but their GDP is only two thirds of that of the U.S.
4. Answers will vary, but may include: China's economic growth will raise the Chinese standard of living, and probably also benefit the countries around China through trade. China may also become a major economic competitor of the U.S. and other Western industrialized nations.

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