

GUIDED READING Activity 17-1

For use with textbook pages 467–470

ABSOLUTE AND COMPARATIVE ADVANTAGE

RECALLING THE FACTS

Directions: Use the information in your textbook to answer the questions. Use another sheet of paper if necessary.

1. Why is specialization the key to trade?

2. What is the difference between exports and imports?

3. What would happen without international trade?

4. Under what circumstances does a country have an absolute advantage?

5. Under what circumstances does a country have a comparative advantage?

6. On what assumption is the concept of comparative advantage based?
