Name _____ Date _____

LOOKING AT DIFFERENT SETS OF DATA

Economic decision-making requires logical reasoning about economic issues that affect our lives as consumers, producers, savers, investors and citizens. Economic decision-making engages us in the practice of analyzing costs and benefits, organizing economic evidence, and proposing alternatives to economic problems.

6.EC.A.11 ***Economists compare data sets to draw conclusions about relationships among them.***

After reading this chapter, you should be able to:

★ Define the following terms:
- International Trade
- Imports / Exports
- Natural Resources
- Economic Indicators

★ Compare different data sets to see relationships and to draw conclusions about various pieces of data.

MAIN IDEAS OF THIS CONTENT STATEMENT

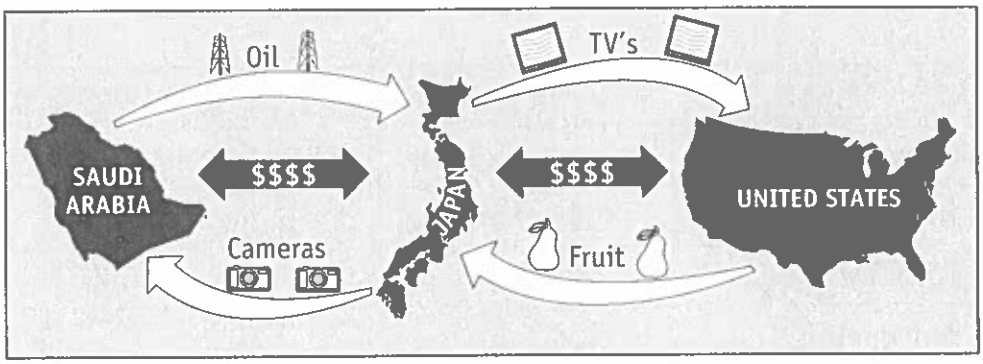
Economists study how goods and services are made and consumed. They study how people make their livings to support their needs. They also study how government policies and natural resources influence people's economic activities. Economists often look at and compare different **sets of data** — statistical (*numerical*) information — such as population, annual production, average income, the value of exports and imports, or known oil reserves. They may use this data to determine what kinds of goods a country should produce, its exports and imports, or its best trading partners.

Let's take a look closer at some of the different types of data that economists examine:

NATURAL RESOURCES

Natural resources are materials found in nature, such as mineral deposits, soil, water and oil reserves. Natural resources are an important ingredient in producing goods. Scientists can often estimate how much of a particular natural resource is available in a country. Natural resources are **unevenly distributed**. Not all countries have the same resources. They cannot produce the same things equally well because of differences in climate, landforms, and the availability of natural resources.

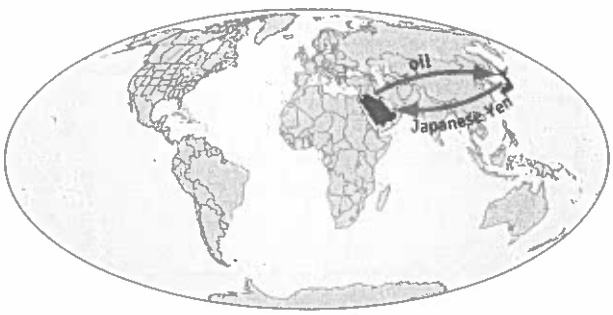
IMPORTS AND EXPORTS



Each country tends to make particular goods based on the resources that it has. This fact greatly affects patterns of global trade. Japan, for example, has very little oil. The people of Japan need oil to power their factories, produce electricity, and meet their heating needs. Since their country lacks oil, the Japanese must obtain it from other countries. Saudi Arabia, on the other hand, has many major oil fields and one-fifth of the world's known oil reserves. It therefore has extra oil to export. **Exports** are goods and services sold by producers in one country to buyers in other countries. Saudi Arabia *exports* oil to other countries.

In order to obtain oil from Saudi Arabia, Japan must sell some of its own products, such as cars, cameras, and televisions, to buyers in other countries. With the money Japan earns by selling these goods, its residents are then able to import oil from countries such as Saudi Arabia. **Imports** are goods from foreign countries brought into a country for use or sale. Japan *imports* oil from Saudi Arabia.

Each country keeps track of its exports and imports. Economists are therefore able to look at these data sets to see how a country's exports and imports are related to its resources. They can also look at data sets of exports and imports to see which countries would be good trading partners.



With 260 billion barrels of oil, Saudi Arabia is the world's largest producer of oil.

For example, Angola has these leading exports:

Export	Value in US Dollars
Crude petroleum	$46.344 billion
Natural gas	$375 million
Refined petroleum	$119 million
Scrap iron	$64 million

Now look at the following two data sets. Then decide which of these two countries would be a better trading partner for Angola.

CHINA

Import	Value in US Dollars
Crude petroleum	$115 billion
Integrated circuits	$95.5 billion
Iron ore	$61.9 billion
Automobiles	$29.2 billion

KUWAIT

Import	Value in US Dollars
Automobiles	$2.51 billion
Iron pipes	$802 million
Gas turbines	$337 million
Rice	$229 million

Which country would be a better trading partner for Angola? ☐ **China** ☐ **Kuwait**
Explain your answer in the space provided.

POPULATION

Economists also look at data sets describing a country's population. For example:

- What is the **total population** of the country?
- What is the **age distribution** of its population?
- What is the average **birthrate** (*people born in a year per 1,000 people*)?
- What is the average **mortality rate** (*how many people die in a year per 1,000 people*)?
- What is the average **life expectancy** (*years an average person lives*)?
- What is the **literacy rate** (*what percentage of the population can read and write*)?

THE ECONOMY

Finally, economists often look at data sets concerning a country's **production** (*how many goods and services it generally produces*). These indicators also help to measure a country's level of economic development.

A country's **Gross Domestic Product (GDP)** is the total value of all the goods and services produced by people from that country in a single year.

A country's **GDP per capita** is the country's Gross Domestic Product divided by its population. This tells us the value of the production of an average person in that country in a single year. It also tells us the average income per person. It thus reflects the country's average standard of living. Countries with a high GDP per capita have more highly developed economies. Their populations are more educated, have better health care, and live longer.

Other economic data sets include the percentage of a country's workforce involved in agriculture or manufacturing, the types of crops grown, and the number of farmers involved in **subsistence agriculture** (*growing just enough to meet immediate family needs with little or no surplus to sell on the outside market*).

Economists often compare different data sets and draw conclusions. Look at the data sets below.

KEY DATA FOR SELECT COUNTRIES, 2011–2012

Country	GDP per capita	Average Life Expectancy	Literacy Rate
Egypt	$6,723	74 years	72%
Honduras	$4,194	71 years	80%
Jordan	$6,148	80 years	93%
Sweden	$42,217	81 years	99%

What conclusions can you draw from these data sets? For example, do you see any relationship between GDP per capita and literacy rate? Write your answer in the space provided.