

Content Vocabulary Activity

share-hold-
A. 1828) : one
is has a part in
ty; esp : ST

CHAPTER 1: WHAT IS ECONOMICS?

Directions: Use the clues to spell out the words in the answer blanks. Write the numbered letters on the lines with the corresponding numbers. Then rearrange the letters to identify the way in which people rely on each other to provide goods and services for consumption.

- | | |
|---|-----------------|
| 1. a product intended for final use by an individual | 1. _____
2 |
| 2. when factors of production perform only tasks they can do more efficiently than others | 2. _____
1 |
| 3. alternative choices | 3. _____
8 |
| 4. a condition that results from society not having enough resources to produce all the things people would like to have | 4. _____
6 |
| 5. the next-best alternative use of money, time, or resources when one choice is made rather than another | 5. _____
4 |
| 6. any product that lasts three or more years when used on a regular basis | 6. _____
9 |
| 7. the capacity to be useful and provide satisfaction | 7. _____
7 |
| 8. an individual risk-taker in search of profits who does something new with existing resources | 8. _____
11 |
| 9. factor of production that includes people, with all their efforts, abilities, and skills | 9. _____
3 |
| 10. the measure of the amount of output produced with a given amount of resources during a specific period of time | 10. _____
10 |
| 11. an economic product that is performed for someone | 11. _____
12 |
| 12. an economy in which consumers and privately owned businesses, rather than the government, make the majority of economic decisions | 12. _____
5 |

2 1 4 3 2 3 6 5 1 4 10 2 9 8 1 10 4 4 11 12 7 12 1

QUIZ

Chapter 1, Section 1

SCARCITY AND THE SCIENCE OF ECONOMICS

SCORE

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. scarcity
- _____ 2. need
- _____ 3. land
- _____ 4. capital
- _____ 5. Gross Domestic Product

B

- a. factor of production that includes natural resources not created by humans
- b. a basic requirement for survival
- c. dollar value of all final goods, services, and structures produced within a country's borders in a 12-month period
- d. condition that results from society not having enough resources to produce all the things people would like to have
- e. factor of production that involves risk takers in search of profits
- f. factor of production that includes tools, equipment, machinery, and factories used in the production of goods and services

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. The three basic economic questions are WHAT to produce, HOW to produce, and
 - a. WHEN to produce.
 - b. FOR WHOM to produce.
 - c. HOW MUCH to produce.
 - d. WHAT to charge for each product.
- _____ 7. What is the fundamental problem of economics?
 - a. scarcity
 - b. the factors of production
 - c. capital
 - d. labor
- _____ 8. Which of the following lists the four factors of production?
 - a. land, labor, wants, entrepreneurs
 - b. labor, needs, capital, entrepreneurs
 - c. land, labor, capital, scarcity
 - d. land, labor, capital, entrepreneurs
- _____ 9. Which of the following is a capital good?
 - a. a television for sale in an appliance store
 - b. a car that is driven by a family
 - c. a computer that is used for recreation
 - d. a computer in a school that is used for education
- _____ 10. The study of economics includes
 - a. description, prediction, and production.
 - b. description, production, and analysis.
 - c. description, analysis, and prediction.
 - d. description, explanation, and production.

Q U I Z**Chapter 1, Section 2****BASIC ECONOMIC CONCEPTS****SCORE**

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. good
- _____ 2. service
- _____ 3. market
- _____ 4. productivity
- _____ 5. human capital

B

- a. work that is performed for someone
- b. location or other mechanism that allows buyers and sellers to exchange a specific economic product
- c. a tangible item that is economically useful or satisfies an economic want
- d. basic requirements for survival
- e. the sum of the skills, abilities, health, knowledge, and motivation of people
- f. a measure of the amount of output produced with a given amount of resources in a specific period of time

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. For something to have value, it must
 - a. cost a lot of money.
 - b. have utility.
 - c. be on sale.
 - d. never go out of style.
- _____ 7. Which of the following is an example of a service?
 - a. hair spray
 - b. a haircut
 - c. scissors
 - d. a blow dryer
- _____ 8. Which of the following is an example of a good?
 - a. a car
 - b. a tune-up
 - c. a car wash
 - d. an oil change
- _____ 9. Specialization refers to
 - a. the process of creating goods and services.
 - b. the use of the four factors of production.
 - c. arranging work so that individual workers do more tasks than before.
 - d. performing one task relatively more efficiently than another.
- _____ 10. What is economic interdependence?
 - a. people's reliance on each other to provide goods and services
 - b. the ability to produce all goods and services
 - c. the relationship between the four factors of production
 - d. the result of a division in labor

Q U I Z**Chapter 1, Section 3****ECONOMIC CHOICES AND DECISION MAKING****SCORE**

Matching: Match each item in Column A with the items in Column B. Write the correct letters in the blanks. (10 points each)

A

- _____ 1. opportunity cost
- _____ 2. production possibilities frontier
- _____ 3. trade-offs
- _____ 4. free enterprise economy
- _____ 5. standard of living

B

- a. alternative choices
- b. where consumers and privately owned businesses answer the three basic economic questions
- c. quality of life based on the ownership of the necessities and luxuries that make life easier
- d. the cost of the next-best alternative when a choice is made
- e. diagram representing various combinations of goods and services an economy can produce when all resources are fully employed
- f. a tool that can be used to help make an economic decision by identifying alternatives and criteria to evaluate the alternatives

Multiple Choice: In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)

- _____ 6. Which of the following best describes the relationship between trade-offs and opportunity costs?
 - a. Opportunity costs are incurred when trade-offs are made.
 - b. Opportunity costs are the opposite of trade-offs.
 - c. Trade-offs lower the opportunity costs of an economic decision.
 - d. Trade-offs occur when there are no opportunity costs.
- _____ 7. Imagine you decide to purchase a soccer ball for \$35. Which of the following is an opportunity cost of your decision?
 - a. the time spent deciding to spend your money
 - b. something else that could have been bought
 - c. \$35 in cash
 - d. the time spent making the purchase and the tax paid on the ball
- _____ 8. The production possibilities frontier
 - a. indicates the ideal production levels for goods and services.
 - b. cannot expand.
 - c. is not affected by economic growth.
 - d. illustrates the concept of opportunity costs.
- _____ 9. The study of economics helps people to
 - a. become better decision-makers.
 - b. make wise choices for political candidates.
 - c. understand the free enterprise system.
 - d. all of the above
- _____ 10. When analyzing economic behavior, it helps to
 - a. use simple models.
 - b. focus on the benefits rather than the costs.
 - c. take large steps toward the final goal.
 - d. write a thesis.