Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Class\_\_\_\_\_Date\_\_\_\_\_\_\_\_\_

**QUIZ GRADE**

**ECONOMICS STUDY GUIDE Chapter 1:What is Economics?**

**Lesson 1, pages 6-12 VOCABULARY**

1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ fundamental economic problem faced by all societies resulting from a combination of scarce resources and people’s seemingly unlimited wants and need.

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Social science dealing with how people satisfy seemingly unlimited and competing wants and needs through the use of scarce resources

3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A basic requirement for survival

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Something we would like to have but isn’t necessary for survival.

5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A useful, tangible economic product that is also transferable to others and used to satisfy wants and needs.

6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_An item that lasts at least 3 years with continual use

7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_An item that lasts less than three years with continual use

8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_An economic product intended for final use by consumers

9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Tools, machinery, equipment, or other manufactured items used by businesses to create goods and services.

10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Work or labor performed for someone.

11. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Worth that can be expressed in dollars and cents, like on a price tag.

12. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The contradiction that occurs when necessities, such as water, command a lower price than non-necessities, such as diamonds.

13. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The capacity to be useful and provide satisfaction.

14. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The accumulation of products that are tangible, scarce, have utility and are transferable from one person to another.

15. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ -Also called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: The monetary (dollars and cents) value of all final goods, services and structures produced within a country’s borders in a 12 month time period.

**Chapter 1-Lesson 2, pages 14-20 VOCABULARY**

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Productive resources needed to produce goods; the four factors are land, labor, capital, and entrepreneurship.

17. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Refers to the “gifts of nature” or natural resources not created by people.

\*18.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The tools, equipment, machinery and factories used by businesses to create goods and services

\*19. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The money, loans, credit that are used by businesses to purchase capital goods and create goods and services

20. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_People with all their efforts, skills and abilities. Sometimes called **human capital**. (Does not include **entrepreneurs**)

21. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Risk-takers in search of profits who use existing resources to create new products or start businesses

22. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A graph used by economists to illustrate all possible combinations of output of goods and services that can be produced if all productive resources are fully employed.

23. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The value of **the next best alternative** that is given up when a choice is made.

24. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **All of the alternatives** that are given up when a choice is made

25. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A social movement that began in the 1960s that was aimed at promoting the rights and interests of consumers

**Chapter 1 – Lesson 3, pages 21-29 VOCABULARY**

26. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A nation’s total output of **goods and services** increase over time.

27. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A measure of the amount of goods and services produced with a given amount of resources in a certain time period.

28. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The sum of people’s skills, abilities, health, knowledge and motivation. (Like the term **labor,** but more)

29. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Organizing a job into parts and having each worker or group complete one part of the whole job. (Think Henry Ford’s assembly line)

30. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Giving each worker, work team or factory the specific job or jobs that they are best at or can do more efficiently. Becoming an expert in one job.

31. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_We rely on each other to produce the goods and services we all need.

32. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Meeting place or other **mechanism** through which buyers and sellers meet to exchange economic products. Can be local, regional, national, global or in cyberspace.

\*33. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Process by which something can be accomplished.

34. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Location where productive resources (the **factors of production**) are bought and sold.

35. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Markets where producers sell their goods and services to consumers

36. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A simplified equation, graph or figure that explains how something works.

37. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A way of comparing the benefits of an action to the expected costs

38. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A market economy in which privately owned businesses, rather than the government, have the freedom to make the WHAT, HOW, and FOR WHOM decisions for themselves.

39. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Our quality of life based on the possession of the necessities and luxuries that make life comfortable and easier

1. **Study Guide Questions**

 **Chapter 1: Lesson 1**

1. Why do all societies face the problem of scarcity?
2. Explain how needs and wants are different and how they are the same
3. What’s the difference between a good and a service?
4. Why are some necessities valued less than some non-necessities? Give examples in your explanation
5. Connect the following: Adam Smith, ***Wealth of Nations***, value and paradox of value
6. Explain Adam Smith’s opinion on where a nation’s wealth really comes from.
7. What are the 3 basic choices (3 economic questions) faced by every society?
8. Why must choices be made?
9. What is wealth made up of? Why are services not included in wealth?
10. Why do we study economics?

**Lesson 2**

1. What are the four factors of production? Describe each one
2. Why must producers make choices about production?
3. What would happen if one of the factors of production were missing?
4. How does a production possibilities curve illustrate the decisions made in an economy?
5. What is the difference between a trade-off and an opportunity cost?
6. Why is it important to evaluate trade-offs and opportunity costs when making choices
7. Study the production possibilities curve below and complete the activity in the box to the right



Put an **A** on the curve where the most efficient use of resources is illustrated by producing as many daffodils as tulips. How many of each are being grown?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (approx.)

Put a **B** to show 1500 daffodils being grown. What is the opportunity cost in tulips?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Put a **C** to show 1200 tulips being grown. What is the opportunity cost in daffodils?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Put a **D** to indicate a point of idle or unused or under used resources

Put an **E** to indicate a point of production that can’t be met due to not having access to more resources

**Lesson 3**

1. How does specialization affect productivity?
2. How do businesses and individuals participate in both factor and product markets?
3. How does a cost-benefit analysis help make economic decisions?
4. Why is economic growth important?
5. Fill out the circular flow chart on the next page.