

Vocabulary Activity

What Is Economics?

Content Vocabulary

1. **Directions:** Use this graphic organizer to explain what goods and services are. Then explain what wants and needs are and how they are connected to goods and services. Use the words **goods**, **services**, **want**, and **need** in your answer.

Goods	Services	Want	Need

2. **Directions:** Use this graphic organizer to first define *factors of production* and *resources*. Then describe the differences among the four types of resources. Use the terms **factors of production**, **resources**, **natural resources**, **labor**, **capital**, and **entrepreneurs** in your answer.

Types of Resources	Description
Factors of production	
Resources	
Natural resources	
Labor	
Capital	
Entrepreneurs	

Vocabulary Activity (*continued*)

What Is Economics?

DIRECTIONS: Read the following sentences. If the statement is true, write *T* in the first blank. If the sentence is false, write *F*, and then explain in the space provided why the statement is false. Include the vocabulary word(s) in parentheses in your explanation.

- _____ 3. Economics is the study of how individuals and nations make choices about ways to use scarce resources to fulfil their needs and wants. (**economics**)
- _____ 4. Scarcity is a situation in which there are too many resources, which reduces their value. (**scarcity**)
- _____ 5. Opportunity cost is the cost of the next best use of time or money when choosing to do one thing rather than another. (**opportunity cost**)
- _____ 6. A nation's way of producing and distributing things its people want and need is its economic system. (**economic system**)
- _____ 7. Communism is an economy in which government owns some factors of production and distributes products and wages evenly among its citizens. It has some command features. (**communism**)
- _____ 8. A market is an economic system in which government and tradition each answer some of the WHAT, HOW, and FOR WHOM questions. (**market**)
- _____ 9. Profit is the money lost from the making of a product or service. (**profit**)
- _____ 10. Most goods have a price, or the monetary value associated with that good. (**price**)
- _____ 11. Competition is an effort by different businesses to support each other in the selling of goods and services. (**competition**)
- _____ 12. A consumer is a person who sells goods and services. (**consumer**)

Vocabulary Activity (*continued*)

What Is Economics?

DIRECTIONS: In the space provided before each word in the left column, write the letter of the correct definition.

- | | |
|--------------------------------------|--|
| ___ 13. benefit-cost analysis | a. economic system in which the decisions of WHAT, HOW, and FOR WHOM to produce are based on traditions or customs |
| ___ 14. traditional economy | b. economic system in which individuals and businesses have the freedom to use their resources in ways they think best |
| ___ 15. command economy | c. a motivation or reward |
| ___ 16. socialism | d. economic system in which the government owns and directs the majority of a country's land, labor, and capital resources |
| ___ 17. market economy | e. person or business that provides goods and services |
| ___ 18. mixed market economy | f. economic decision-making model that divides the total benefits by the total costs |
| ___ 19. producer | g. to support or encourage |
| ___ 20. rationing | h. economy in which government owns some factors of production so that it can distribute products and wages more evenly among its citizens; economic system with some command features |
| ___ 21. sector | i. system of distributing goods and services without prices |
| ___ 22. promote | j. part or category distinct from other parts |
| ___ 23. incentive | k. economic system in which markets, government, and tradition each answer some of the WHAT, HOW, and FOR WHOM questions |

DIRECTIONS: Read the following sentences. If the **bold** term is used correctly in the sentence, write C in the first blank. If the term is used incorrectly, write I, and then explain in the space provided why the term is not used correctly. Include the bold vocabulary term in your explanation.

___ 24. The store had more shovels than it could sell, resulting in a **surplus**.

___ 25. The **shortage** of lightbulbs led to many people having extra bulbs.

Vocabulary Activity *(continued)*

What Is Economics?

_____ 26. The family members had all their needs and wants satisfied, leading to a high **standard of living**.

_____ 27. The company used **human capital** to help create products that sold well.

_____ 28. People buy and sell goods and services in a **factor market**.

29. Directions: Use this graphic organizer to define each of the following terms and describe how it is connected or contributes to the economy. Use the words **circular flow model**, **economic growth**, **productivity**, and **product market** in your answers.

Term	Who or What It Is	How It Contributes to the Economy
Circular flow model		
Economic growth		
Productivity		
Product market		

Vocabulary Activity (*continued*)

What Is Economics?

DIRECTIONS: Read the following sentences and answer the questions in the space provided.

- 30.** Explain how the terms **supply** and **demand** are related to one another.
- 31.** Explain the difference between **equilibrium price** and **equilibrium quantity**.
- 32.** Explain why businesses engage in **specialization** and **division of labor**.

Academic Vocabulary

DIRECTIONS: From the vocabulary list, choose the best word to answer each question.

trade-off, option, evolve, schedule, likewise

- 33.** Which word means “in the same way”?
- 34.** Which term is an alternative you face when you decide to do one thing rather than another?
- 35.** Which word means “to progress or develop gradually”?
- 36.** Which word refers to an alternative, or choice?
- 37.** Which word describes a chart listing items or events?