**Unit 5 Reader Part A**

cw14

1. People make \_\_\_\_\_\_\_\_ as to the use of \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, decide \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; and they \_\_\_\_\_\_\_\_\_\_\_\_\_ how to structure (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) markets for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Economic Concepts

2. Scarcity - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ all \_\_\_\_\_\_\_\_\_\_\_ at the same time. Resources and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are limited. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ must be made.

3. Choice – selecting an \_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_ from a set of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Because \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ are limited, \_\_\_\_\_\_\_\_\_\_\_\_ are made by \_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, etc.

4. Resources - \_\_\_\_\_\_\_\_\_\_ of Production used in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods and \_\_\_\_\_\_\_\_\_\_\_. Examples are: \_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Situation 1:** You have saved $60.00 You would like to buy a pair of in-line skates, but you also need a new jacket. The $60.00 will only be enough to buy either skates or the jacket.

1. What resource is scarce?
2. What decisions must be made using the resource?
3. What is the opportunity cost involved?

**Situation 2:** you are the fire chief of Powhatan, population 20,000. There are only enough fire engines to fight one major fire. Unluckily, two major fires break out at once. The fire department of Cumberland County that usually helps you out is engaged in fighting a fire there.

1. What resource is scarce?
2. What decisions must be made using the resource?
3. What is the opportunity cost involved?

1. **Opportunity cost** – that which is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ up when a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is made. Individuals must make \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the value of what is given up.

2. **Production** – combining \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ resources to make goods and services.

3. **Supply and Demand** - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 **Demand** - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a good or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a consumer is willing to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at a certain \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 **Supply** – amount of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ producers are willing to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ at a certain price.

4. **Price** - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_ exchanged for a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.Price determines who \_\_\_\_\_\_\_\_\_\_\_\_\_\_. Consumer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and Price \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ what is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Supply and demand also determines \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

5.  **Consumption** – using \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

6. **Incentive** – things that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ consumers to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or to change economic behavior.

1. Every country must \_\_\_\_\_\_\_\_ an \_\_\_\_\_\_\_ system to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ how to use its \_\_\_\_\_\_\_\_\_\_\_\_ resources. World Economies are \_\_\_\_\_\_\_\_\_\_\_\_\_ by the amount of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

2. What are the 4 major economic systems:

a.

b.

c.

d.

3. **Traditional Economy:** Economic \_\_\_\_\_\_\_\_\_\_\_\_\_\_ are based on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ precedent. People do the same type of work as their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

4. **Free Economy** is \_\_\_\_\_\_\_\_\_\_\_\_\_ up to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_ Government involvement

Private \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ and resources.

Profit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Competition

Consumer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Individual \_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_ government involvement

5. **Command Economy:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ up to the government

This type of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can be found in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ countries like \_\_\_\_\_\_\_\_\_\_\_ and North Korea.

Central ownership (usually by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) of \_\_\_\_\_\_\_\_\_\_\_\_ and recourses.

Centrally planned \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

No \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ choice.

6. **Mixed Economy** (\_\_\_\_\_\_\_\_\_\_\_\_\_\_ between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

Individuals and \_\_\_\_\_\_\_\_\_\_\_\_\_\_ act as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ makers for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sector.

Government as \_\_\_\_\_\_\_\_\_\_\_\_\_ maker for \_\_\_\_\_\_\_\_\_\_\_\_\_ sector.

Greater government \_\_\_\_\_\_\_\_\_\_\_ than in \_\_\_\_\_\_\_\_\_\_\_ economy and less than in a \_\_\_\_\_\_\_\_\_\_\_\_\_\_ economy.

Most \_\_\_\_\_\_\_\_\_\_\_ economic system today.

Economy of the U.S.