

GUIDED READING Activity 1-2

For use with textbook pages 12–17

BASIC ECONOMIC CONCEPTS

OUTLINING

Directions: Locate the following headings in your textbook. Then use the information under the headings to help you write each answer. Use another sheet of paper if necessary.

I. Goods, Services, and Consumers

A. Introduction—What are economic products?

B. Goods—What is the difference between a consumer good and a capital good?

C. Services—What kind of economic product is a service?

D. Consumers—What is a consumer?

II. Value, Utility, and Wealth

A. Introduction—To what does value refer?

B. The Paradox of Value—What is the paradox of value?

C. Utility—What is required for something to have value?

D. Wealth—What is wealth?

III. The Circular Flow of Economic Activity

A. Introduction—What is the key feature of circular flow?

B. Factor Markets—What is a factor market?

C. Product Markets—Where do individuals spend their income from the resources they sell?

IV. Productivity and Economic Growth

A. Productivity—What is productivity?

B. Investing in Human Capital—In what ways can government, businesses, and individuals invest in human capital?

C. Division of Labor and Specialization—How do division of labor and specialization affect productivity?

D. Economic Interdependence—What is economic interdependence?