

Name _____

Economy Study Guide

1. Give 2 examples of each:

Natural resource

human resource

capital resource

Water

Truck drivers

factories

Trees

doctors

tools

Oil

teachers

trucks

2. Give 2 examples of each:

Goods

services

Camera

Pet groomer

Book

Lawn mowing

Shirt

car mechanic

3. A consumer is someone who buys goods and services.

4. Circle 5 characteristics of a market economy

Competition

specialization

business

Sellers

buyers

supply

Consumer sovereignty

incentives

producers

Private property rights

producers

profit

5. Profit is when a business makes more money than it takes to run the business.

6. Competition is when more than one business sells the same good or service.

7. Make a list of incentives:

Discount

sale

coupons

late fees

8. Voluntary exchange is when we choose to buy what we like. (example cookies instead of icecream)
9. If prices are lower, sales increase/ decrease.
10. If supplies are high, prices are lower/ higher.
11. An assembly line increases/ decreases production.
12. Division of labor increases/ decreases production.
13. Specialization provides only one kind of good or service.
14. Write a definition for the following words:

Supply and demand: If a lot of people want something, stores run out of it.

Income: money people make from working

Taxes: money given to the government to fix things like bridges and roads

Public goods and services: goods and services used by everyone like roads, bridges and schools.

15. What is global competition?

We buy and sell products all around the world. We compete with the world for jobs. If another car company has a better product, American workers can lose their jobs. With global competition, there is more competition for sales.

16. What is the difference between private and public services? Give examples of each.

Private services- business owned by a person. Bakery, gas station, hair salon, store

Public services- government run businesses. Schools, police departments , fire departments, libraries, roads and bridge