Intro to Business Ch. 1 PowerPoint Checkpoint Questions Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Hour\_\_\_\_

1. What is the difference between a need and a want?
	* Needs are those things required to live, such as food, clothing, and shelter.
	* Wants are things that add comfort and pleasure to our lives such as television, music CDs, and movies.
2. How do people satisfy their wants and needs?
	* People satisfy their wants and needs by purchasing and consuming goods and services.
3. What are the three types of economic resources? Give an example of each type.
	* Natural: water, land, trees, animals, and minerals.
	* Human: labor (people who run farms and factories, transport goods, provide services, or manage businesses).
	* Capital: money, land, buildings, tools, and equipment.
4. What is opportunity cost?
	* Opportunity cost is the value of the next best alternative that you don’t choose.
	* It is what you are willing to give up in order to have your first choice.
5. What are the six steps in the decision-making process?
	* Define the problem.
	* Identify the choices.
	* Evaluate advantages and disadvantages of each alternative.
	* Choose one.
	* Act on your choice.
	* Review your decision.
6. What are the three economic questions?
	* What goods and services will be produced?
	* How will the goods and services be produced?
	* What needs and wants will be satisfied with the goods and services?
7. What are the main differences among the three economic systems?
	* The main differences among the economic systems are found in the ways in which the three economic questions are answered.
8. Name the four principles of the U.S. economic system.
	* Private property
	* Freedom of choice
	* Profit
	* Competition
9. How does the price of a product affect demand and supply?
	* As prices decrease, the number of consumers willing and able to purchase the product (demand) will increase.
	* As prices increase, businesses will be willing to supply larger quantities of the product.
10. How is the market price for a product determined?
	* Supply, demand, and competition determine the market price for a product or service.
	* The market price is the point at which supply and demand are equal.

Intro to Business Ch. 2 PowerPoint Checkpoint Questions Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Hour\_\_\_\_

1. What types of economic activities are not included in GDP?
	* GDP only applies to reported final goods and services.
	* Money earned for goods or services that are not reported would not be included.
	* Goods and services used in the manufacture of other products are only counted once—in the final product.
2. How can productivity be increased?
	* Productivity can be increased by improvements in capital resources (equipment and technology), worker training, and management techniques.
3. What are the main sources of personal income?
	* Sources of personal income include wages, salaries, investment income, and government payments.
4. What are the four phases of the business cycle?
	* Prosperity
	* Recession
	* Depression
	* Recovery
5. What are the main causes of inflation?
	* Inflation is an increase in the general level of prices that occurs when the demand for goods and services is greater than supply.
6. How do interest rates affect business activities in our economy?
	* Interest rates can encourage or discourage borrowing and spending.
	* Lower interest rates allow consumers greater spending power, which increases demand, productivity, and employment.
	* Businesses often pass on the cost of higher interest rates to consumers.
7. Name some examples of capital projects.
	* Capital projects include the purchase of any item a business will use over an extended period of time such as land, buildings, and equipment.
8. What is the cause of a budget deficit?
	* A budget deficit occurs when a government or organization spends more than it takes in.
9. What economic challenges do countries face in the future?
	* Future economic concerns for any country include the ability to increase its output and provide a means for its citizens to meet the basic needs of food and shelter, adequate health care, education, transportation, employment, and safety.