

# Study Guide: Intro to Economy

**Task A:** Write the vocabulary word that matches each definition. Use your notes for help.

- 1. The amount of a product that is available for sale **SUPPLY**
- 2. The way goods and services are produced and distributed in a place **ECONOMY**
- 3. The desire of consumers to buy a good or service **DEMAND**
- 4. A very limited supply of a product remains available **SCARCITY**
- 5. The price of an item based on a balance of supply and demand **MARKET EQUILIBRIUM**
- 6. A group of businesses related to the same type of good or service **INDUSTRY**
- 7. An abundance of products are available for sale **SURPLUS**

**Task B:** Write the factors of production described

- 8. Any manmade object needed to make a product or perform a service **CAPITAL**
- 9. A person who starts his/her own business in hopes of earning a profit **ENTREPRENEUR**
- 10. People who work for businesses; jobs **LABOR**
- 11. Natural resources & raw materials used to make products; things provided by nature **LAND**

**Task C:** Put an "X" in the box that correctly classifies each resource by its factor of production

	<u>Land</u>	<u>Labor</u>	<u>Capital</u>	<u>Entrepreneur</u>
12. Miners		X		
13. Chainsaws			X	
14. Diamonds	X			
15. Cargo Ships			X	
16. Iron Ore	X			
17. Bankers		X		
18. Restaurant managers		X		
19. Bill Gates - founder of Microsoft				X
20. Money			X	
21. Taco stand owner				X

**Task D:** Write the types of industries described

- 22. Type of industry that involves providing help directly to the public **SERVICE INDUSTRY**
- 23. Type of industry that involves making products from raw materials **MANUFACTURING INDUSTRY**
- 24. Type of industry that involves gathering natural resources from earth **AGRICULTURAL INDUSTRY**

**Task E:**

- Put an "X" in the box to classify each example under its correct type of industry

	Agricultural	Manufacturing	Service
25. Ranching	X		
26. Shipbuilding		X	
27. Hospitals			X
28. Universities			X
29. Fishermen	X		
30. Mining	X		

**Task F:** Write **MORE** or **LESS** to correctly complete each sentence

- If the price starts to rise, then buyers will demand **LESS** of the product.
- If a product is scarce, then there will be **LESS** inventory in the stores.
- If demand for a product is high, but its supply is low, then the product will cost **MORE**.
- If the cost of aluminum used by soft-drink companies increases, then there will be **LESS** demand for the soft drink because of the change in price.
- Washington state has a bumper apple crop this year, significantly increasing the supply of apples in the US. This will cause apples to cost **LESS**.

**Task G:** Use the economic indicators in the charts to answer the questions

Country	Life Expectancy	Infant Death Rate per 1,000 births	Literacy Rate	GDP per capita
China	70 Male, 74 Female	28	96%	\$3,600
Japan	78 Male, 84 Female	4	99%	\$24,900
North Korea	68 Male, 74 Female	24	99%	\$1,000
South Korea	71 Male, 79 Female	8	98%	\$16,100

- In which country would a person be most likely to live the longest? **JAPAN**
- Which two countries have economies that are still developing? **CHINA AND NORTH KOREA**
- Which country has the most developed economy? **JAPAN**
- Is it better to have a high or low infant death rate per 1,000 births rate? Why? **LOW - SHOWS THAT PEOPLE CAN AFFORD MEDICAL CARE, PROPER NUTRITION, LEVEL OF EDUCATION TO BECOME A DOCTOR, ETC.**

Country	Life Expectancy	Literacy Rate
A	75	99%
B	58	65%
C	63	85%
D	78	99%

40. Draw a conclusion. What is the relationship between literacy rate & life expectancy?

**THE HIGHER THE LITERACY RATE, THE HIGHER THE LIFE EXPECTANCY- SHOWS A CONNECTION BETWEEN EDUCATION, HEALTH, MEDICAL CARE**