

THINK CRITICALLY

1. Describe three important principles of economics.
 2. What is the difference between microeconomics and macroeconomics?
 3. The science of economics is needed because _____
 - a. today people have everything they need
 - b. governments must make all economic decisions
 - c. people have unlimited wants and needs and limited resources
 - d. people can't be trusted to make good decisions
 4. The economic principle that people have more wants and needs than can be satisfied with the available products and services is _____
 - a. choice
 - b. scarcity
 - c. limited resources
 - d. supply and demand
 5. The _____ of a product or service provides the balance between supply and demand.
 - a. available money
 - b. resources
 - c. market price
 - d. unlimited wants
 6. In a _____ economy, the government holds the primary influence on economic decisions.
 - a. traditional
 - b. market
 - c. command
 - d. free enterprise
 7. Which of the following is NOT one of the important decisions that must be made about a country's economy?
 - a. How much money is needed?
 - b. What products and services will be produced?
 - c. How will the needed products and services be produced?
 - d. For whom will the products and services be produced?
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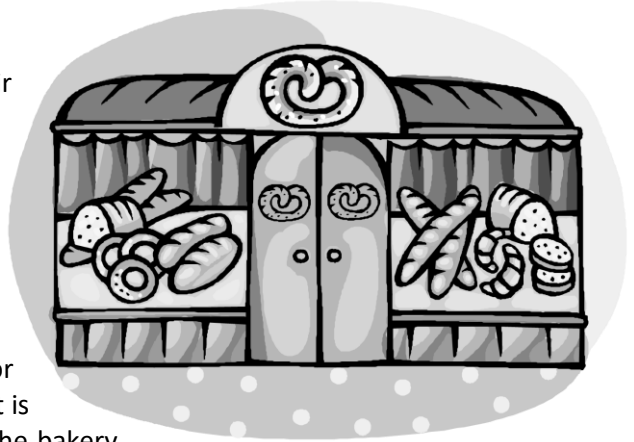
TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

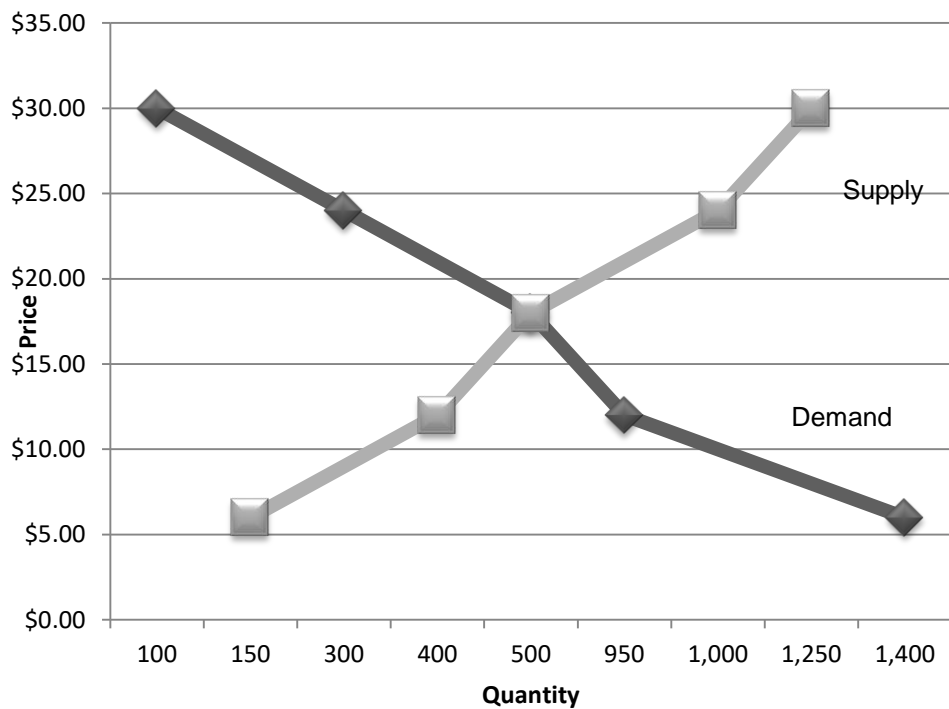
8. The prices of some products tend to rise over time while others decline. Make a list of products where the market price is rising and another list of those with declining prices. Compare the lists and discuss what might influence whether prices rise or fall.

SUPPLY AND DEMAND

A bakery is determining consumer demand for their specialty product—decorated cakes. The chart below describes the supply and demand for cakes at various prices the bakery might charge.



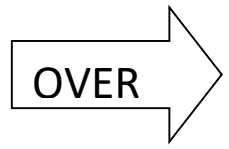
Using the data from the chart, write a paragraph discussing the relationship between supply and demand for the cakes. Why is it important for businesses like the bakery to have this type of information when producing or selling a product? Based on the information provided, what is the market price for the cakes and how many cakes will the bakery sell at that price?



◆ Demand
 ■ Supply

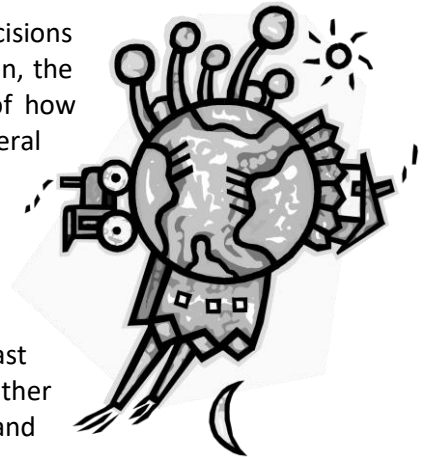


1. WRITE YOUR PARAGRAPH HERE:



ECONOMIC SYSTEMS

There are three primary types of economies based on the way economic decisions are made in countries. Examine the three columns below. In the first column, the three types of economies are listed. In the middle column, descriptions of how economic decisions are made are provided. The last column identifies several countries.



2. Demonstrate your understanding of the types of economies by drawing lines that connect the correct type of economy with the definition and then with the countries that have that type of economy. You may need to use the Internet to gather information about the countries in the last column. When you have completed the connections, identify two other countries that you believe fit each of the types of economies. Compare and justify your choices with other students.

Type of Economy	Description	Example Country
Traditional	What is produced and consumed is based on the combination of the decisions made by individual consumers and businesses.	Haiti
		Cuba
Command	The basic needs of individuals and families are unchanged for generations.	United States
		Rwanda
Market	Government decision-makers determine what goods and services are needed and how and when they will be produced.	China
		Japan

3. Additional examples countries with each type of economy:

Traditional economy _____ _____

Command economy _____ _____

Market economy _____ _____