Answer Key

Chapter 1

Section 1

Reteaching Activity

A. Comparing and Contrasting Economic Terms

1. Both are things that people acquire; needs are things people have to have to survive; wants are desires that people can satisfy by consuming goods and services.
2. Both are factors of production; land includes all the natural resources found on or under the ground; capital includes all of the resources made and used by people to produce and distribute goods and services.
3. They are both factors of production; labor includes the human effort, time expended, and talent that goes into producing a good or a service; entrepreneurship includes vision, skills, and risk-taking required to create and run a business.
4. They both deal with a lack; in everyday speech, scarcity is a temporary shortage of something that people want or need; in economic terms, scarcity is a permanent situation for all people related to decisions about how to use scarce resources to satisfy unlimited wants.

B. Applying Economics Concepts

5. Question 1: What will be produced? , Example: Accept all reasonable examples.
6. Question 2: How will it be produced? Example: Answers should relate to using natural and human resources.
7. Question 3: For whom will it be produced? Example: Answers should relate to relate to government services or to the ability of people to pay for the goods and services from the private sector.

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