**Economics Unit 1:**

**Fundamentals of Economics**

**Test: Friday, February 26th**

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**What is Economics? Flash Presentation**

<http://www.reffonomics.com/TRB/chapter1/whatiseconomics1.swf>

**I. Goods and Services**

A. A Good:

B. A Service:

1. Tangible:

2. Intangible:

|  |  |
| --- | --- |
| **Examples of Goods:** | **Examples of Services:** |
|  |  |

C. Copy down the next two statements about our wants.

1.

2.

**II. Economics**

A. Define **Economics:**

1. Underline the most important terms in the definition that we must focus on.

2. What does it mean to say that something is **scarce**?

3. According to economists, what two things are constantly in conflict?

4. What name do economists give to the cost of our actions and choices?

5. What then is the more simple MATHEMATICAL definition of economics then?

**III. Resources (The Factors of Production)**

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Land is scarce because…

b. Payment for land:

 1.) 2.)

c. Included in land are:

 1.) 2.) 3.)

 d.) Examples of raw materials:

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ aka \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Labor is scarce because …

b. Payment for Labor:

1.) 2.) 3.) 4.)

3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. Capital goods produce …

b. Examples of capital are:

 1.) 2.) 3.)

c. Capital is scarce because …

d. Payment for Capital is…

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. An entrepreneur is an individual who…

b. Entrepreneurship is scarce because…

c. Payment for entrepreneurship is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ if you're good, \_\_\_\_\_\_\_\_\_\_\_\_\_\_ if you are not so good.

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**Guided Reading Chapter 1, Section 1 - Scarcity and the Science of Economics (Page 6)**

1. Read the first few paragraphs of this section. Explain what the author is saying about human nature in your own words.

2. What is the fundamental problem facing all societies? Name and define it.

3. Looking back at question number 1, how much of the various resources would we need to produce all of the things that people want?

4. Define **Economics:**

5. Define a **Need:**

6. Define a **Want:**

7. Think of a purchase you made recently that was a need. What was it?

8. Think of a purchase you made recently that was a want. What was it?

9. What does the term TINSTAAFL stand for?

10. Use an example of your own (not the textbooks) to illustrate what economists mean by this term (from the last question)

11. Scarcity forces us, as a society, to answer three basic questions. Write down the first one.

12. Read the paragraph about this question. Without reading ahead in the textbook, in America, how do you think we decide what to produce? Why is that the products we see on our shelves are there and not some other products?

**Continue on the next page 🡪**

13. Write down the second basic economic question.

14. How do you think this question is answered in America? How do we decide how we are going to make something?

15. Write down the third basic economic question.

16. How do you think this question is answered in America? How does it seem to you that we determine who receives the products that are produced?

17. Define **Factors of Production**. Include the 4 different factors of production in your definition.

18. Define **Land (F1):**

19. Name a product and give one example of land that went into producing it.

20. Define **Capital (F2):**

21. Name a product and give one example of capital that was used in producing it.

22. Define **Labor (F3):**

23. Name a product and give an example of the labor that was involved in producing it (This is usually someone's job title).

24. Define **Entrepreneur (F4):**

25. Give an example of someone who would be considered an Entrepreneur. Even if you don't know his or her name, describe one. (For Example, "The guy who …")

26. How many of the 4 factors of production are always involved in the production of a good or service?

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_

**Identifying the Factors of Production**

**Directions:** 1.)Look at the list at the top and write each term in the appropriate box below. **2.) Then**, create at least two examples of your own at the bottom of each box

Crude oil Teacher A song Politician

eBay Founder Henry Ford Keyboard Oil Tanker Truck Tractor Crane operator Electrician Ipod

Bill Gates Shoelaces Timber Pencil

Water Painter Hammer Pizza

Iron ore Legal advice Drinking Straws Movie Camera

Composer Hair salon Owner Copper An architect

Chewing gum Founder of McDonalds A restaurant meal A site for a building Founder of Mattel Toys Automobile Assembly Line Sand

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Land** - Natural resources/Raw materials, Anything that comes from nature that we can make things out of. | **Labor** - Those you would have to hire to make the product | **Capital** - Man-made tools and equipment for making and transporting the product | **Entrepreneurship** - The founder of the business that is making the product. | Not a factor of production (Typically, these are the goods or services that are produced) |
|  |  |  |  |  |
| 2 examples of your own |
|  |  |  |  |  |

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**Notes - The Circular Flow – A model of economic activity**

I. Markets -**.**

II. Two Markets in the circular flow:

 **A.**

 **B.**

III. Two Actors in the circular flow:

 **A.**

 **B.**

****

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Questions on the Circular Flow**

1. For each of the following examples, put a check under either Product Market or Factor Market to indicate which one is being described. **Hint:** If it's a place to hire people, it's the factor market. If it’s a place to buy a good or service, it's the product market.

|  |  |  |
| --- | --- | --- |
| **Example** | **Factor Market** | **Product Market** |
| A. A job fair (where people are invited to apply for a job) |  |  |
| B. 10 minute oil change garage |  |  |
| C. A Fast Food restaurant |  |  |
| E. An office with a file cabinet full of job applications and where people are interviewed for jobs. |  |  |
| F. A website where people post job applications |  |  |
| G. Sears' internet shopping page |  |  |

2. Looking at the circular flow model, what do individuals buy from businesses (look for the arrows going from businesses to individuals, but not the arrows with money on them)?

3. Where do individuals buy these goods and services from businesses (in what market)?

4. Look the arrows that represent the money individuals use to buy goods and services from businesses in the product market. According to the circular flow diagram, when the money first leaves the individuals, what is it called?

5. Once this money goes through the product market on its way to the businesses that sold the goods and services to the individuals, what is called?

6. Looking at the circular flow model, what do individuals sell to businesses?

7. Where do businesses buy these resources from individuals? What market?

8. After these resources are purchased in the factor market, what are they called as businesses receive them (leave off the word "buy" in your answer)?

9. What is the money called as it leaves the businesses in order to pay for these productive resources?

10. Once this money is exchanged for resources in the resource market, what is it called as households receive it?

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**Guided Reading, Chapter 1, Sections 1 and 3 (Page 14)**

1. Define **Value:**

2. What was the value of the last meal that you paid for?

4. What Scottish philosopher wrote about economics and value?

5. What did this person (from the last question) notice about the monetary value of water and diamonds that he found puzzling? Explain it in your own words (don't just copy word for word from the text). Include the fact that water is a necessity in your answer (By the way, "monetary value" just means money value or price).

6. Besides scarcity, what did Smith decide value came from? Name and define it.

7. List something that has a high amount of utility for one person (they derive a lot of satisfaction from it), but you personally do not.

8. List something that you derive a high amount of utility from, but someone else might not.

9. In the end, what TWO things are needed for something to have value?

10. Which of these two qualities (from the last question) does water NOT have much of, which explains why it has little value compared to diamonds?

**Go To page 95**

11. Define **Marginal Utility:**

12. So, if you purchased and ate two hamburgers one after the other, which does marginal utility describe, the first one or the second one?

**Continue on the next page 🡪**

13. Define or explain **Diminishing Marginal Utility:**

14. To demonstrate Diminishing Marginal Utility, pretend that you are really hungry, so you buy a hamburger or slice of pizza or some other food item that you like and eat it even though it was a bit expensive. Then, the restaurant offers to sell you another one to eat, but you are not as hungry as you were at first because you've already eaten one food item. In the chart below, indicate the **most** money that you would be willing to pay for the first, second, third, and fourth hamburger or slice of pizza or whatever you chose to eat, one after the other.

|  |  |  |  |
| --- | --- | --- | --- |
| **What is the most money you would be willing to pay for the 1st food item, when you are really hungry?** | **How much is the most you would pay for a second food item after you have eaten the first?** | **How much for a third?** | **How much for a 4th?** |
| a. | b. | c. | d. |

**Getting into the flow example**

|  |
| --- |
| E:\Econ 2013-2014\Unit 1-Fundamentals of Econ\Image - Circular Flow Glencoe.png |
| Francesca Pettibone works as an accountant for "Count 'em up Accounting Services." With the money she earns, she goes to Gardner White Furniture and buys a sectional sofa made by La-Z-Boy. |

**Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_HOUR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Getting into the flow**

**Directions:** Read the story below. Then, get the characters and things from the story into the flow by filling out the table at the bottom, writing each bolded term from the story next to the term that it is equal to. Some terms that always stay the same are copied in for you.

Story:  **Mr. Vincent** works as a **mechanic** (write this one in two places) for "**Run-Smooth Auto-repair**." With some of the money he makes, goes to **ABC Warehouse** and buys a new **LCD TV** made by **Sony Corporation**.



|  |  |  |  |
| --- | --- | --- | --- |
| **Circular Flow Term** | **Term From The Story** | **Circular Flow Term** | **Term From The Story** |
| 1. Individual = |  | 2. Consumer Spending = | Consumer Spending |
| 3. Product Market = |  | 4. There are two businesses in the story. If we divided the business box into a top and bottom section, the top business would = |  |
| 5. Business Income = | Business Income | 6. Goods and Services = |  |
| 7. Land, Labor, Capital, Entrepreneurial Ability= |  | 8. Factor Market = | Factor Market |
| 9. Productive Resources = |  | 10. Bottom Business = |  |
| 11. Payment for Resources = | Payment for Resources | 12. Income from resources = | Income from resources |

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_

**Guided Reading 1-3, Economic Decision Making (page 20)**

1. (Complete the sentence) Every decision we make in life involves **trade-offs**, or …

2. In the textbook, "Jesse" received $100 as a gift to spend. To help him decide what to purchase with the money, he created the grid at the bottom of page 20 and filled it in for 4 of his top choices. The best item for him to purchase was the one with the most "yes" answers. With that in mind, list the items Jesse would buy from first to last.

1.

2.

3.

4.

3. So clearly, Jesse would purchase the…?

4. Define **Opportunity Cost:**

5. What is the opportunity cost of the NFL Jersey for Jesse? Explain.

6. Pretend that you received $100. Fill in the same graph below as he did with 4 possible purchases of your own. Answer all of the questions about each possible purchase.

|  |  |
| --- | --- |
| Alternatives | Criteria |
| Costs $100 or less? | Durable? | Will parents approve? | It won't be necessary to spend more money later to use it? | Can use anytime? |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

7. Using the grid and your own feelings about item you included on it, list each item in order from the one you would buy, to the next one you would buy, to the next, etc.

1.

2.

3.

4.

8. If you purchased item number 1 on your list, what would be the opportunity cost of your purchase? Explain.

9. Read the last paragraph in the "Opportunity Cost" section about time having a cost. Focus on the example they use about reading your economics book. Come up with your own example of the opportunity cost of time.

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**Basic Economic Graphs - The Production Possibilities Curve**

<http://www.reffonomics.com/BasicConceptGraphs7.swf> or <http://tinyurl.com/h4ypenh>

(Opens well in Internet Explorer)

**Basic Economic Graphs - The Production Possibilities Curve Continued**

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Tony's production choice**

Tony owns a small Italian restaurant where he sells takeout pizza and spaghetti dinners.

He doesn't have much space in his kitchen so there is a limit to the amount of food he can prepare during each evening. If he made nothing but pizza, he could produce 100 a night. On the other hand, he could produce 300 takeout dinners if he cooked only spaghetti. He could also make different combinations of the two products. Each additional pizza he makes means he is able to make three fewer spaghetti dinners, and vice versa.

Study the table Tony has made below and answer the following questions:

|  |  |  |
| --- | --- | --- |
| Time spent per product | Number of pizzas | Number of spaghetti dinners |
| all on pizzas | 100 pizzas | 0 dinners |
| 3/4 on pizzas1/4 on spaghetti | 75 pizzas | 75 dinners |
| 1/2 on pizzas1/2 on spaghetti | 50 pizzas | 150 dinners |
| 1/4 on pizzas3/4 on spaghetti | 25 pizzas | 225 dinners |
| all on spaghetti | 0 pizzas | 300 dinners |

1. If Tony wants to make 75 pizzas a night, how many spaghetti dinners will he also be able to make?

2. If Tony decides to reduce his pizza production to 50 from 75, how many more spaghetti dinners will he be able to produce than before?

3. Identify examples of each factor of production that must have been used to produce one of Tony's pizzas.

Land:

Labor:

Capital:

 **Continue on the next page 🡪**

4. What would Tony's opportunity cost be if he decided to increase his production of pizzas from 75 to

100?

5. How does this situation demonstrate the central economic problem of scarcity?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Now use the data from the table on the front of this sheet to draw a graph of the different production choices Tony could make.

Production Choices Tony Could Make

(Production Possibilities Curve)

100

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

75

50

25

0 7 5 150 225 300

Spaghetti Dinners

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_

**Econ Basics Mini-Quiz**

**PART I**

**Directions:** Read each statement. Place a "**T**" in front of each of the statements you think is true and ignore the space below. Place an "**F**" in front of each of the statements you think is false; **then** write the statement correctly in the space provided.

\_\_\_\_\_\_\_ 1. Scarcity exists because many people do not have enough money.

\_\_\_\_\_\_\_ 2. It is necessary to have all four factors of production for production to take place.

\_\_\_\_\_\_\_ 3. The four factors of production are land, labor, money, and entrepreneurship.

\_\_\_\_\_\_\_ 4. A production possibilities curve shows different combinations of two products that can be produced from a set of resources.

\_\_\_\_\_\_\_ 5. If I decide to spend $6 to go to a movie instead of using the money to buy a book, my opportunity cost is the value of the $6 I spend on the movie.

|  |  |
| --- | --- |
| Study the graph to the right and answer the following questions.6. If Joe is baking 35 cakes, how many pies can he bake?7. If Joe decides to bake 25 pies, how many fewer cakes will he be able to produce?8. What would be Joe's opportunity cost if he decided to use all his resources to make 30 pies? |  |

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**Film - Return to Mocha**

**Directions:** Take notes on how the people live and how the economy works on the three different islands

|  |
| --- |
| Mocha - A Market Economy (Like ours) |
| The Oreganos - A Traditional Economy |
| The Caraways - A Command Economy |



Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**Guided Reading Chapter 2, Section 3 Part 1: American Free Enterprise (Page 48)**

1. What is **Capitalism**?

2. What is **Free Enterprise**?

3. Although there is a slight difference between the two terms, are these terms often used interchangeably?

4. List the 5 characteristics of a capitalistic free enterprise economy.

**Economic Freedom**

6. List the many economic freedom that individuals have:

7. List the many economic freedoms that businesses have:

**Voluntary Exchange**

8. Define **Voluntary Exchange:**

9. Who wins in voluntary exchange?

**Continue on the next page 🡪**

**Private Property Rights**

10. Define **Private Property Rights:**

11. Private property "gives people" what?

**Profit Motive**

12. Define **Profit:**

13. Define **Profit Motive:**

14. What is the profit motive largely responsible for?

**Competition**

15. Define **Competition:**

16. Who does competition benefit?

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_

*Quotes from Adam Smith*

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One way to understand the difference between capitalistic, free market economies and command economies is by reading about some of the thinkers of the past who supported these different economic systems. No one understood and defended capitalism better than the 18th century Scottish philosopher Adam Smith, sometimes called the father of capitalism. Smith explained his philosophy in his book, An Inquiry into the Nature and Causes of the Wealth of Nations (usually referred to as simply, *The Wealth of Nations*). Smith believed that people naturally seek what is in their own self-interest. Except perhaps in a few rare cases, this aspect of human nature cannot be changed. Attempts to make human beings more selfless so that they will serve the common good of society are futile. In fact, we should not even try to alter human nature to get naturally self-interested people to selflessly serve society. Instead, we should use human nature to get people to serve society. Society must be organized in such a way that individuals can best pursue their own self-interest by serving the interests of others. In such an economic system, everyone will win. This is why we constantly have so many talented individuals working hard to create new, high-quality goods and services for us, because producing these things for us makes the producers themselves wealthy. Below are a few quotes from Adam Smith. What is the main point that Smith is making in each quote?

1. It is not from the benevolence (kindness) of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our necessities but of their advantages.

2. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education.

3. The desire of food is limited in every man by the narrow capacity of the human stomach; but the desire of the conveniences and ornaments of building, dress, equipage and household furniture, seems to have no limit or certain boundary.

4. The natural effort of every individual to better his own condition ... is so powerful, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often encumbers its operations.

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**Quotes from Karl Marx**



What Adam Smith is to capitalism, Karl Marx is to communism. In his book, the Communist Manifesto, Marx argued that if ambitious individuals are allowed to seek their own self-interest in a free market economy, they will not end up serving others but will instead oppress them. Marx felt that if laws exist to protect private property, as they do in a capitalist system, some lucky few will gobble up most of the private property and use their great wealth to control others. People will be forced to work long hours making products that the wealthy will then take away from them, sell, and give almost nothing back to the workers who made them. In Marx's view, it is the worker, not the capitalist business owner, who produces society's wealth. And it is the worker, not the capitalist business owner, who should profit from their labor. Capitalism causes the complete reverse of this to happen. The workers, the real makers of products, receive barely enough to live on while the capitalists, pretending that it is they who have created the wealth, reap all of the rewards. For proponents of capitalism like Marx, capitalism is not a system in which everyone wins. It is a system in which the rich business owners win and the rest of us lose. Below are some quotes from Karl Marx. Explain the meaning of each quote below.

1. Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth - the soil and the laborer.

2. Let the ruling classes tremble at a communist revolution. The proletarians (workers) have nothing to lose but their chains. They have a world to win. Workingmen of all countries, unite!

3. The theory of Communism may be summed up in one sentence: Abolish all private property.

4. Capital (or the wealthy class in a capitalist society) is reckless of the health or length of life of the laborer, unless under compulsion (force) from society

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_

**Guided Reading Chapter 2, Section 3 Part 2: Entrepreneurs, Consumers, and Government (Page 50)**

**Part 1 - The Role of the Entrepreneur**

1**. Complete the Sentence,** "The entrepreneur plays one of the most important roles in the free enterprise economy. The entrepreneur organizes and manages…

2. Entrepreneurs are people who start new what?

3. Do many entrepreneurs fail?

4. When an entrepreneur is successful, everybody benefits. List the benefits each person or group below receives when an entrepreneur is successful:
a. The entrepreneur:

b. Workers:

c. Consumers:

d. The Government:

5. What are some of the things that the original entrepreneur must do if his success begins to attract competition?

6. This (from the last question) means more benefits to who?

**Part 2 - The Role of the Consumer**

7. How is it that consumers have power in the economy?

8. What term captures this truth (the truth from the last question)?

**Continue on the next page 🡪**

9. Besides the products listed in the text like "Crystal" pepsi, celery-flavored jello, and Dr. Care's Aerosol toothpaste; can you think of a product that producers tried to get us to purchase, but it just didn't catch on and is no longer made (or at least not made very much)?

10. **Fill in the blanks,** "The dollars consumers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the market place are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

that give them a say in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ produced.

**Part 3 - The Role of Government**

11. Where does the role of government stem from (or come from)?

12. In the economy, the government has become what 3 things?

13. What does the United States government do as **Protector**?

14. As **provider**, what are some goods and services that the national government provides?

15. With help from the national government, what are some goods and services that state governments provide?

16. What are some good and services that local (city) governments provide?

17. As **regulator** (or rule maker), the national government is charged with preserving what?

**18. Complete the sentence:** "It also oversees …

19. Circle the correct bolded word to make the sentence true: "Most BUSINESSES / CONSUMERS do not like the government regulating them, but without government regulations, BUSINESSES / CONSUMERS might be at risk bad business practices like false advertising or dangerous products.

20. Because the government is now so involved in our capitalistic free market economy, rather than calling it a market economy, some people might use what two terms to describe it?

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Power Point Notes – Business Organizations**

**Power Point Notes – Business Organizations**

