

# Guided Reading Activity

## What is Economics?

### Lesson 2 *Our Economic Choices*

#### Review Questions

**Directions:** Read each main idea. Then complete the statements or answer the questions below. Refer to your textbook as you write the answers.

#### A. The Choices Producers Make

**Main Idea:** All producers use the factors of production—land, capital, labor, and entrepreneurs—to produce goods and services.

1. In economics, natural resources not created by people are called \_\_\_\_\_, which can include \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. These resources are \_\_\_\_\_, or limited in supply.
2. The tools we use to create goods are called \_\_\_\_\_.
3. People with their abilities and efforts are called \_\_\_\_\_, which can be impacted dramatically by \_\_\_\_\_ and \_\_\_\_\_.
4. People who start new businesses or bring new products to market are called \_\_\_\_\_.

#### B. Production Possibilities

**Main Idea:** Economists use the production possibilities curve to determine various combinations of goods and services that can be produced when resources are used efficiently.

1. Economists use a \_\_\_\_\_ to illustrate all possible combinations of outputs.
2. When making decisions, it is useful to consider \_\_\_\_\_, or the value of the next best alternative that would be given up.
3. A frontier can show the cost of \_\_\_\_\_ resources, which are available but unused.

# Guided Reading Activity *cont.*

## What is Economics?

### C. The Choices Consumers Make

**Main Idea:** Consumers must consider trade-offs when making purchasing decisions. They must also understand their rights and responsibilities.

1. A trade-off is what you must \_\_\_\_\_ when you make a choice.

2. How do opportunity costs differ from trade-offs?

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3. What are five consumer rights?

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4. In addition to rights, consumers also have \_\_\_\_\_, which include \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

### Summary and Reflection

**Directions:** Summarize the main ideas of the lesson by answering the question below.

How do the choices we make—both as producers and consumers—help us deal with scarcity?

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