REVIEWING THE SECTION ANSWERS

Pg. 42

1. What is the difference between needs and wants? Give two examples of each.

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2. What is the difference between goods and services? Give two examples of each.

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3. Why are resources important to a country’s economy?

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| Factor of Production | Definition | 3 Examples |
| Natural Resources |  |  |
| Capital Goods |  |  |
| Human Resource |  |  |
| Entrepreneurship |  |  |

1. Why is it important for a country to invest in factors of production? What happens to countries that do not invest in them?

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Pg. 46

1. Why does scarcity force people to make choices?

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2. How do the choices of producers and consumers lead to an economy?

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3. Which of the nine resource allocation strategies is best? Explain your thinking.

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4. Which resource allocation is used in traditional economy, command economy, and market economy?

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5. Why do producers sometimes produce a low supply of their good?

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6. What are three things that affect demand?

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7. Putting it all together: What is the relationship between supply and demand?

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Pg. 55

1. What are the three basic economic questions every country must answer?

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| Type of Economy | How are the 3 questions answered?  | Benefits of this system | Problems with this system |
| Traditional Economy |  |  |  |
| Command Economy |  |  |  |
| Market Economy  |  |  |  |

1. Why do you think traditional economies are only found in rural areas today?

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1. Why do all countries have a mixed economy?

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2. Why is Gross Domestic Product per capita a better measure of a country’s economy than Gross Domestic Product?

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3. Why is unemployment a useful number to know when studying a country’s economy?

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4. Why is it important for countries to trade?

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