

GUIDED READING Activity 1-1

For use with textbook pages 5–10

THE BASIC PROBLEM IN ECONOMICS

FILLING IN THE BLANKS

Directions: Use the information in your textbook to fill in the blanks using the words in the box.

factors of production
resources
choices
want
microeconomics

economics
land
labor
capital
goods

scarcity
technology
macroeconomics
entrepreneurship
services

Wants, Needs, and Choices

1 _____ is the study of how individuals, families, businesses, and societies use limited **2** _____ to fulfill their unlimited wants. **3** _____ deals with behavior and decision making by small units such as individuals and firms, while **4** _____ deals with the economy as a whole and decision making by large units such as governments. Economists consider everything other than basic survival needs to be a **5** _____. This includes TVs, DVDs, computers, and automobiles.

The Problem of Scarcity

People need to make economic **6** _____ because everything exists in limited amounts. At any given time, there is only a fixed amount of resources available and people compete to use those resources. This leads to the basic problem of economics, which is **7** _____. This means that people do not have enough income, time, and other resources to satisfy their every want.

The Factors of Production

When economists refer to scarce resources, they are referring to the **8** _____, which are the resources necessary for the production of goods and services. There are four factors of production.

9 _____ is a natural resource present without human intervention. The work people do is **10** _____, often referred to as a human resource. People work to produce **11** _____, which are tangible items, and **12** _____, which are activities done for others for a fee. The third factor of production is **13** _____, or manufactured goods used to produce goods and services. Individuals who take the initiative to start a new business or introduce a new product are demonstrating **14** _____, the fourth factor of production. Today, some economists consider **15** _____, or the use of science to produce goods and services, an additional factor of production.