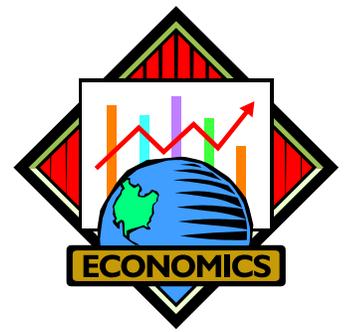# Economics Study Guide

TEST ON _____

The students will need to know:

1. **Goods** are things that people make or grow. (You can hold or touch them.) Examples: pencil, lunchbox, apple, house, clothes, etc…)

2. **Services** are jobs that people do to help others. Examples: doctor, hair dresser, dentist, lawyer, teacher, truck driver.

3. A **Consumer** is a person who USES goods or services. Example: a new game comes out and you go to the store to buy it. You are a consumer.

4. A **Producer** is a person who uses resources to MAKE goods or provide services. Example: A builder uses wood, nails and a hammer to make a house.

5. **Barter or Bartering** is the exchange or trading of good or services WITHOUT the use of money. When you barter, you do NOT use money. Example: Someone would want to barter for goods and services instead of paying with money because they have THINGS but NO money.

6. **Money** is coins, paper bills and checks used in exchange for goods and services. Since it is easier to pay money for things rather than barter, people began to use paper money and coins to buy the things they wanted.

7. **Scarcity** is when you are not able to meet all the wants at the same time. Scarcity occurs when the demand is greater than the supply. For example, there are 6 pieces of chocolate and 20 students, so the chocolate is scarce (not enough for everyone.)

8. Since <u>resources, goods and services</u> are limited, people must make **<u>economic choices</u>**. People make economic choices because of limited time, money and goods.

9. **<u>Resources:</u>** There are three types that the children need to classify.

<u>Natural Resources</u> are **<u>THINGS FOUND IN NATURE</u>** used to produce good and services. Examples:

Tree

Water

Coal

Soil

Sunlight

<u>Human Resources</u> are **<u>PEOPLE</u>** who produce goods and services. Examples:

Farmers

Builders

Painters

Doctors

Cooks

Miners

<u>Capital Resources</u> are **<u>MAN MADE THINGS</u>** used to produce goods and services. Examples:

Hammers/

Tools

Computers

Trucks

Desks

Buildings/

Factories

Ships

10 . A **need** is something you need to survive. Examples: food, clothing, and shelter

11. A **want** is something you would like to have. Examples: an IPAD, a stuffed animal, and candy