

Chapter 16 Study Guide – Test will be on Wednesday, December 11, 2019.

1. An _____ system is the way a country produces the things people want.
2. _____ is the study of how people choose to use their limited resources to satisfy their unlimited wants.
3. Wants fall into two groups which are _____ and _____.
4. Resources are all the things that can be used in making products or services; they include natural resources (land and materials in the land), labor (workers and their skills), and capital (buildings and tools).
5. What are the three basic economic questions will societies answer to balance wants and resources?
 - a. _____
 - b. _____
 - c. _____
6. _____ is the basic economic problem faced by people and nations alike.
7. Machines, energy, and skills are examples of _____ resources.
8. In a _____ economy, the government answers the three basic economic questions.
9. Why the U.S. economy is called a *mixed market economy*?

10. In a _____ economy prices and profit are most important.
11. Circle One: Which type of cost is labor? A. fixed cost B. total cost C. variable cost
12. A _____ may occur when a price is below its equilibrium level.
13. Expenses that change depending on how much a business produces _____
14. When you choose to do one thing rather than another, this is the value of the next-best use of your money or time _____
15. Money a business receives from selling its good or service is called _____
16. Expenses that do not change no matter how much a business produces _____
17. Comparison of the costs and revenues of the options available to a business _____
18. The increase in expenses caused by producing an additional unit of a good _____
19. Giving up one alternative for another more desirable one _____
20. The sum of fixed and variable costs _____
21. The income received from each additional unit sold _____
22. _____ are the people who buy goods and services.
23. _____ are the people or businesses that provide goods and services.
24. _____ is the amount of a good or service that people (consumers) are willing and able to buy at various prices during a given time period.
25. _____ is the amount of a good or service that producers are willing and able to sell at various prices during a given time period.