

GUIDED READING Activity 1-1

For use with textbook pages 2–8

T

HE BASIC PROBLEM IN ECONOMICS

RECALLING THE FACTS

Directions: Use the information in your textbook to fill in the blanks using the words in the box. Some words may be used more than once.

factors of production	economics	scarcity
resources	land	technology
goods	want	labor
services	capital	entrepreneurship

Introduction

- 1** _____ is the study of how individuals, families, businesses, and societies use limited
2 _____ to fulfill their unlimited wants.

Wants Versus Needs

Economists consider everything other than basic survival needs to be a **3** _____. This includes TVs, VCRs, computers, and automobiles.

Choices/The Problem of Scarcity

People, businesses, and societies make choices that utilize resources and affect the production of
4 _____ and **5** _____. However, there exists a problem of
6 _____, in which people do not have enough income, time, and other resources to satisfy their every want.

Factors of Production

When economists refer to scarce resources, they are referring to the **7** _____, which are the resources necessary for the production of goods and services. There are four factors of production.
8 _____ is a natural resource present without human intervention. The work people do is **9** _____, often referred to as a human resource. People work to produce **10** _____, which are tangible items, and **11** _____, activities done for others for a fee. The third factor of production is **12** _____—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 **13** _____, the fourth factor of production. Today, some economists consider **14** _____, or the use of science to produce goods and services, an additional factor of production.