

Economics Study Guide

Word:	What it means:	Example:
scarcity	Not being able to get everything you want because of limited supply.	There is a scarcity of whiteboard erasers so we must share erasers.
choice	What a person must make when he or she can't get everything.	I had 5 dollars for the book fair. I couldn't buy all of the books so I had to make a choice.
opportunity cost	The next best thing that must be given up when a choice is made.	I want pizza and ice cream but I can't get both. I choose ice cream. Pizza is my opportunity cost.
goods	Objects that are bought.	I bought a pencil. A pencil is a good.

Essential Question:	Answer:
1. What are goods and services?	Goods and services are bought by people. A good is an object that is bought like pencils, cars and toys. A service is something that you pay for someone to do for you like wash your car, cut your hair or mow your lawn.
2. Why must people make choices about what goods and services to purchase?	People must make choices because they cannot buy everything that they want to have.
3. How do people get the goods and services they need and want?	People get goods and services by using money to buy them. People get money by working at a job and earning money. People can also trade barter or trade for goods and services.
4. What are the benefits of saving money?	Saving money can help you buy larger items that you might need or want in the future. Little by little your savings can add up to larger amounts of money that can be used for things like going to college or buying a home.

service	Work done by somebody for somebody else.	I got a hair cut. The work was done by a barber. The barber performed a service.
barter	Trading things between people without using money.	You could trade toys with another child if both of you agreed.
save	To set aside money for the future.	Instead of spending all of your allowance, you could save some of it for the future.
spend	To use money to buy things.	Some children spend money to buy books.