

**Matching**

Match the definition in Column A with the term in Column B.

Column A

- _____ Inputs used to produce goods and services.
- _____ Prices and production are determined by competition.
- _____ Limited resources versus unlimited wants.
- _____ How goods and resources are spread among people.
- _____ Giving up on one thing in favor of another due to scarcity.

Column B

- a. Scarcity
- b. Trade-Offs
- c. Resources
- d. Free Market
- e. Distribution

Multiple Choice**1. What is the basic problem of scarcity?**

- a. There are plenty of resources to meet all needs and wants.
- b. There are not enough resources to satisfy everyone's wants and needs.
- c. Businesses can't produce goods fast enough to meet demand.
- d. Governments control the availability of resources.

2. How does scarcity influence business decisions in a free market economy?

- a. Businesses can produce unlimited goods and services because resources are abundant.
- b. Businesses must allocate limited resources to produce goods and services that are in demand.
- c. Businesses are not affected by scarcity when there is strong consumer demand for their products.
- d. Scarcity forces businesses to produce less, even if resources are available.

3. Which of the following best describes how scarcity affects personal decision-making?

- a. Scarcity requires individuals to make choices between competing needs and wants.
- b. Scarcity impacts only those with limited financial resources.
- c. Scarcity allows people to acquire everything they desire through hard work.
- d. Scarcity has no influence on personal decisions because resources are abundant.

4. What is the most likely consequence of scarcity for an economy?

- a. The economy will continue to grow without limits.
- b. The economy will experience scarcity only during periods of recession.
- c. The economy will eventually overcome scarcity through technological innovation.
- d. The economy will need to make trade-offs when allocating limited resources.

Application

You receive \$100 for your birthday. You want to buy a new pair of shoes for \$80, but you also need school supplies that cost \$50. How does the concept of scarcity affect your decision-making, and what would you choose? Using your knowledge of scarcity, explain how you would make this choice. What trade-offs do you need to consider?



Scarcity & Choice | Answer Key

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Match the definition in Column A with the term in Column B.

Column A

- c. Inputs used to produce goods and services.
- d. Prices and production are determined by competition.
- a. Limited resources versus unlimited wants.
- e. How goods and resources are spread among people.
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Column B

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Multiple Choice

1. What is the basic problem of scarcity?

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Example Student Response:

"I have \$100, which isn't enough to buy both the shoes and the school supplies because that would cost \$130. Because of scarcity, I have to choose between them. I decided to buy the school supplies because I need them for school. The trade-off is that I won't be able to buy the shoes right now, but I can save up to get them later."

Guidance for Grading:

- Scarcity:** Ensure that the student explains how scarcity (limited money) forced them to make a choice. Look for an understanding that resources are limited and they can't fulfill all their wants and needs.
- Trade-offs:** Check that the student identifies the trade-off involved in their decision. The trade-off is what they gave up (in this case, the shoes) in favor of something they prioritized (school supplies).
- Decision-Making:** Confirm that the student's decision is based on evaluating needs versus wants, demonstrating an understanding of how scarcity influences decision-making. The explanation should show that the student made a logical choice based on the resources they had and their immediate needs.