

Vocabulary Quiz Review 2.01-2.02

<i>Term</i>	<i>Definition</i>
Economics	Making choices and satisfying the wants and needs of consumer. The study of how individuals and societies seek to satisfy needs and wants through incentives, choices, and allocation of scarce resources.
Scarcity	The condition that exists when wants exceed resources available to satisfy wants.
Capital Resources	Goods produced and used to make other goods and services.
Natural Resources	"Gifts of nature" that are present without human intervention (ex. land)
Human Resources	The knowledge, efforts, and skills people bring to their work, also known as labor.
Entrepreneurial Resources	The initiative to improve goods and services or create new ones.
Command Economy	Economic system that is run by a central government or authority
Market Economy	Characterized by private ownership of the means of production (for example, farms and factories), and supply and demand are responsible for the price and allocation decisions. <i>Individuals decide what, how and for whom goods and services are produced.</i>
Socialist Economy	Characterized by more government ownership and central planning. Government, which relies on tax revenues, is far less likely than private businesses to heed price signals or to feel the discipline imposed by market forces.
Mixed Economy	A combination of a command and market economy.
Traditional Economy	The type of economy where people believe in doing things the same as they have always been done in the past.

<i>Term</i>	<i>Definition</i>
Market	Includes the customers and locations that a business wants to serve.
Supply	How much of a good or service a producer is willing and able to produce at different prices.
Demand	An individual's need or desire for a good or service at a given price.
Law of Demand	As prices fall for a particular good or service, the demand for that item will increase and vice-versa.
Law of Supply	As the price of a particular good or service increases, the supply for that item will also be increased and vice-versa.
Price	The amount at which a good or service will be sold in a market.