

Chapter 1: Basic Economic Concepts

I-Summary: This chapter teaches basic economic concepts. Businesses make money by offering goods and services to satisfy the wants and needs of consumers and businesses and to make a profit. In this way, wants and needs drive the economy. Needs, such as clothing and food, are things required for survival. Wants are things that you would like to have, but do not have to have to survive. To make the best use of limited resources, satisfy your needs first, then wants. You can make the most of your resources by making careful choices about what to buy. The decision-making process can help you make good choices. Businesses thrive on competition, the contest between businesses to win customers. Business activities should be supported by market research. Market research provides information that can help a business identify opportunities, evaluate demand, and respond to the wants and needs of consumers. Businesses affect consumers by providing jobs and deciding what products and services to offer. Consumers affect businesses by choosing what to buy.

I-Quiz

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause. Then you will hear the correct answer. Let's begin.

Question 1

Which is an example of a public want?

- a. hospital
- b. food
- c. clothing
- d. city park

Question 2

What limits the number of wants and needs people can satisfy?

- a. time

- b. availability
- c. resources
- d. priorities

Question 3

What is the final step of the decision-making process?

- a. make a decision
- b. evaluate your decision
- c. identify the situation
- d. evaluate your alternatives

Question 4

What is the motive of business?

- a. to compete with other businesses
- b. to make a profit
- c. to provide goods and services
- d. to offer competitive prices

Question 5

What does market research provide?

- a. opportunities
- b. jobs
- c. profit
- d. information

Answer Key

1. The correct answer is D, city park. A public want is a want that is widely shared by many people.
2. The correct answer is C, resources. Resources are things that people use to obtain what they need or want. Examples of resources include money, fuel, and labor.

- 3.** The correct answer is B, evaluate your decision. When you evaluate your decision, you ask yourself whether you achieved the results you expected.
- 4.** The correct answer is b, to make a profit. Profit is the reward for satisfying the needs and wants of consumers. Without profit, a company can not survive.
- 5.** The correct answer is d, information. Market research can help a business identify opportunities, analyze demand, and respond to the wants and needs of consumers.