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NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PERIOD: \_\_\_\_\_\_\_ DATE: \_\_\_\_\_\_\_\_\_\_\_ POINTS: \_\_\_\_\_\_\_\_\_\_

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| ​**Content Vocabulary****Directions:** Respond to the questions or statements below using the vocabulary words shown in parentheses. |

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| **1.**Why does investing in human capital make sense both on broad economic and individual scale? **(human capital)** |

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| **2.**What factor of production is thought of as the driving force in the economy, and why? **(entrepreneur)** |

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| **3.**Why are land, capital, labor, and entrepreneurs important for a producer? **(factors of production)** |

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| **4.**Where do individuals spend the money they earn, and how does this keep the economy going? **(product market, factors market)** |

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| **5.**Explain one method economists and business people use to help them make business decisions? **(cost-benefit analysis)** |
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| ​**Directions:** Match each content vocabulary word with its meaning. |

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| **a.** | *​a good that lasts three years or more with regular use* |
| **b.** | *​ability or capacity of a good or service to be useful and give satisfaction to someone* |
| **c.** | *assignment of tasks to the workers, factories, regions, or nations that can perform them most efficiently* |
| **d.** | *work or labor performed for someone; economic product that includes haircuts, home repairs, and forms of entertainment* |
| **e.** | *quality of life based on ownership of necessities and luxuries that make life easier* |

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| **6.**​Specialization |

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| **7.**​Standard of living |

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| **8.**​Durable good |

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| **9.**​Utility |

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| **10.**​Service |
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| ​**Directions:**  Write a short definition for each of the following words. |

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| **11.**​Assumption |

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| **12.**Transferable |

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| **13.**Intangible |

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| **14.**Transform |

**Answer Key**

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| **1.**Investments in human capital can lead to greater productivity and efficiency across the economy. An individual investment in one's own human capital can lead to higher income and less unemployment. |

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| **2.**Entrepreneurs are thought of as the driving force in an economy because they are the source of new ideas and products. |

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| **3.**They are factors of production, and are required to produce goods and services. |

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| **4.**Individuals spend their money purchasing goods and services from businesses in the product markets. Businesses return this money to the factor markets in the form of wages, salaries, and payments for resources, continuing the circular flow of activity. |

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| **5.**Many business people use cost-benefit analysis to balance out the costs of a business decision against the benefits of that decision. |

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| **6.**c |

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| **7.**e |

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| **8.**a |

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| **9.**b |

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| **10.**d |

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| **11.**something taken for granted; something we think is true |

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| **12.**capable of being passed from one person to another |

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| **13.**not physical; something that cannot be touched |

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| **14.**to change the nature of something |