Name:	Date:	Class:
Chapter 3: Economic Understand	ings	
Section 2: Decision Making in Economic		
Section 2: Economic Decisions		
Directions: Answer the following questions in on	e or two sentences.	
1. What role does scarcity play in economic decis	sions?	
2. Why is it important for individuals and compare	nies to choose proper resou	urce allocation?
3. Explain why goods cost different amounts base	ed on the supply and dema	nd?
4. What are the different strategies that determine	e where to allocate resourc	es?
5. Which allocation system is the most random?	Why?	
6. What allocation system benefits those who are	strongest? Why?	
		Continued on next page.

7. What allocation system would benefit the earliest arrival? Explain.

8. Explain the role of opportunity costs in determining economic decisions.

Directions: Write a complete paragraph to explain the topic.

• the relationship between supply and demand and their effects on decision making and setting a price and the quantity to be produced

