

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Class: \_\_\_\_\_

## **Chapter 3: Economic Understandings**

### **Section 2: Decision Making in Economics**

### **Section 2: Economic Decisions**

**Directions:** Answer the following questions in one or two sentences.

1. What role does scarcity play in economic decisions?

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2. Why is it important for individuals and companies to choose proper resource allocation?

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3. Explain why goods cost different amounts based on the supply and demand?

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4. What are the different strategies that determine where to allocate resources?

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5. Which allocation system is the most random? Why?

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6. Which allocation system benefits those who are strongest? Why?

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

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

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**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

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