

Focus on the vocabulary covered in this packet!
Please email me at bconrad@iwcs.k12.va.us with
any questions.

Covid Packet Week 7 & 8 8th Grade Civics/Economics

For the last two weeks of the year we will be covering Economics! Economics is the study of money. Read through the packet and answer questions as you go along!

Part 1: Good vs. Service

- Good: A physical item (Example: PS4)
- Service: System supplying public need (Teaching, Medical Services)

Part 2: Vocabulary

- Scarcity: The inability to satisfy all wants and needs at the same time. All resources and goods are limited. This requires a choice to be made.
- Resources: Factors of production are used in the production of goods and services.
 - 4 types
 - Natural: Trees, Land, Oil
 - Human: Employees
 - Capital: Factories and Equipment
 - Entrepreneurship: Business Owner(s)
- Opportunity Cost: What is given up when a choice is made. (Example: You stay up all night studying for your Civics Test. The opportunity cost is sleep.)
- Price: The amount of money exchanged for a good/service.
- Incentives: Things used to motivate people. Used to change economic behavior. (Example: Buy one, get one free.)
- Supply and Demand: Interactions between supply and demand determine price.
 - Demand: The amount of good/service that people are willing and able to buy at a certain price.
 - Supply: The amount of a good/service that producers are willing to sell at a certain price.
 - Example: The Coronavirus caused a toilet paper shortage in the beginning. The demand for toilet paper was high. Toilet paper companies could charge more because of this.
- Production: Combining human, natural, capital, and entrepreneurship resources to make good/services.
- Consumption: Using goods/services.

1. Every time we buy, sell, or rent anything, we are part of the:
 - a. World
 - ☒ b. Economy
 - c. Business
 - d. Community
2. A _____ is any place where you can trade, sell, and buy the things you want or need.
 - ☒ a. Market
 - b. Community
 - c. School
 - d. Salary
3. _____ and _____ are sold by places called businesses.
 - ☒ a. Goods and services
 - b. Products and shirts
 - c. Salaries and demands
 - d. Wages and goods
4. Making a profit is the same as –
 - a. Making a salary
 - ☒ b. Making money
 - c. Making a wage
 - d. Making goods
5. All businesses need _____ to be successful.
 - ☒ a. Resources
 - b. Food
 - c. Ovens
 - d. Services
6. All of the following are renewable resources EXCEPT _____.
 - a. Wheat
 - b. Milk
 - ☒ c. Oil
 - d. Wood
7. ONE of the MOST used nonrenewable resource is _____.
 - ☒ a. Oil
 - b. Coal
 - c. Natural gas
 - d. Iron ore
8. _____ resources is important for the economy and the environment.
 - a. Using
 - b. Buying
 - c. Selling
 - ☒ d. Recycling
9. In a bakery, for example, all of the following are capital resources EXCEPT _____.
 - a. Mixing bowls
 - b. Ovens
 - ☒ c. Eggs
 - d. Baking pans
10. Community workers include:
 - a. Fire fighters
 - b. Librarians
 - c. Police officers
 - ☒ d. All of the above



Part 3: Types of Economies

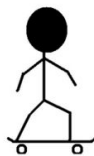
- 3 basic economic questions:
 - What will be produced?
 - Who will produce it?
 - For whom will it be produced?
- Traditional Economy:
 - Economic decisions are based on customs.
 - People often perform the same type of work as their parents or grandparents, regardless of ability or potential.
- Free Market Economy:
 - Private ownership of property/resources.
 - Profit motive.
 - Competition.
 - Consumer sovereignty: consumers determine what is produced through the consumption of goods and services.
 - Individual choice.
 - Minimal government involvement with the economy.
- Command Economy:
 - Central ownership (usually by the government).

- Centrally-planned economy.
- Lack of consumer choice.
- Mixed Economy:
 - Individuals and businesses make decisions for the private sector.
 - Government is the owner and decision maker for the public sector.
 - Government's role is less than a command economy, but more than a free market economy.
 - Most economies today are considered mixed economies.
 - The United States is considered a mixed economy.

ECONOMICS STICK FIGURES

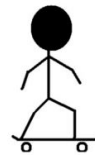
DIRECTIONS: Draw an appropriate background for each stick figure below based on the economy they're supposed to be in. Underneath each picture, write a quick sentence that describes why you drew what you did for each type of economy.

Traditional



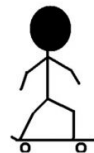
Traditional economies involve people having jobs that their parents had.

Command



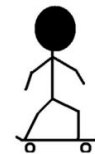
Command economy is where the government controls what is produced and how much.

Market



A free market economy has lots of choices of products, profit motive. Little government involvement.

Mixed



A mixed economy is what we have in the United States. Government controls the public sector, business owners control the private sector.

Imagine you are starting a business. What economy would you want to start your business in and why?

Answers will vary based on response. An example is listed below.

I would like to start a business in a free market economy because they do not have many government restrictions.

I feel that I could make a product that the people want (consumer sovereignty) and make a profit off of it.

1 What is consumption?

- A Making of goods and services
- ☒ B The using of goods and services
- C That which is given up when a choice is made
- D That which determines price

2 Trees are an example of what type of resource?

- F Human
- ☒ G Natural
- H Capital
- J Entrepreneurship

3 A bulldozer is an example of what type of resource?

- A Entrepreneurship
- ☒ B Capital
- C Human
- D Natural

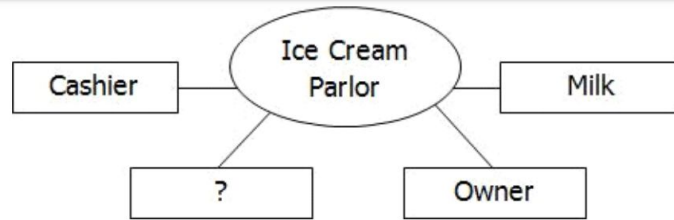
4 Tamara won the lottery and has decided to invest the money in the stock market instead of building a new home at the beach. What is her opportunity cost?

- F The time she could spend surfing
- ☒ G The cost of the new home
- H The interest she earns on the money
- J The cost of the lottery ticket

5 The workers in a factory are considered what type of resource?

- A Capital
- ☒ B Human
- C Natural
- D Entrepreneurship

6



Which capital resource completes the graphic?

- ☒ F Freezer
- G Cow
- H Land
- J Manager

7 **What causes economic behavior to change?**

- A Capital
- B Producers
- ☒ C Incentives
- D Entrepreneurs

8 **What is the process of buying and using goods and services?**

- ☒ F Consumption
- G Goods
- H Production
- J Distribution

9 **Maggie did not buy a shirt she wanted until it went on sale. What was her incentive to buy the shirt?**

- A Lack of resources
- ☒ B Sale price
- C Original price
- D Supply

10 **What you must give up when you chose one thing over another is called —**

- ☒ F opportunity cost
- G supply and demand
- H price
- J capital

- 11 **Jimmy wants to buy a car. What do you call the amount of money he will have to pay for the car?**
- A Demand
 - ☒ B Price
 - C Incentive
 - D Supply
- 12 **What are the factors of production that are used to produce goods and services called?**
- F Scarcity
 - ☒ G Resources
 - H Price
 - J Incentives
- 13 **The consumer is most important in what economic system?**
- ☒ A Free market
 - B Mixed
 - C Traditional
 - D Command
- 14 **Which is the strongest motivating factor in a free market economy?**
- ☒ F Ability to earn a profit
 - G Government regulations
 - H Equal distribution of wealth
 - J Few consumer choices

15 In a free market economy, who is allowed to keep the profits?

- A Individuals
- ☒ B Consumers
- C Business
- D Government

16 Which type of economy combines private and public enterprises?

- F Traditional economy
- G Command economy
- ☒ H Mixed economy
- J Market economy

17 A command economy is —

- | | |
|--|--|
| <ul style="list-style-type: none">A the type of economic system in the United States todayB what results from free market competition | <ul style="list-style-type: none">C a system where the military sells their weapons to other consumers or nations.<input checked="" type="radio"/> D one where the government has complete control over production and prices |
|--|--|

18 Private ownership of property and resources is a characteristic of what type of economic system?

- ☒ F Free market
- G Socialist
- H Command
- J Traditional

Shark Tank Mini Project

If we were still in the classroom building we would have started working on a project I call “Shark Tank” based on the popular television show. I want you to think about a project/service that you would design if you were to create your own business! It can be something completely new OR it can be an improvement on a basic idea! For example, one popular invention on Shark Tank was a beach towel. A group of entrepreneurs designed a beach towel that doesn’t attract sand!

Follow the steps below to create your own design!

Step 1: Create the Product/Service

What is your product? Describe it! Also, go into detail WHY this is the good or service you picked?

Answers will vary based on your product! I am so excited to read about your ideas!

Name the good/service? Pick a company or product name!

Answers will vary based on your product.

Step 2: Consumption

Who is your target audience. For example, if I am selling airpods I am going to try to target people ages 12-30 on average. Now ANYONE can buy your good/service, but think about your audience! And why did you choose your target audience?

Answers will vary based on your product.

Step 3: Price

What price would you charge for your good/service?

Answers will vary based on your product.

Step 4: Logo

Design a logo for your good/service. I have included two examples of popular logos.



Answers will vary based on your product.

Newsela Article

What is a free market economy?

Read the article below and answer the following questions.

What is a market? It's anywhere people buy and sell things. A free market economy is a system where people can buy and sell what they want.

Definition

Economists study how markets work. They describe a market economy as one where goods and services are traded freely. Buying fruit from a farm stand is one example. It is an economic trade involving goods. If you pay someone to fix your bike, they provided you a service. Markets can be as small and simple as a farmer's market. They can also be big and complex. Take the car market, for example. It may include everyone who is making, selling and buying cars.

A pure market economy has few limits. In other words, you can sell anything to anyone. You can charge any price you want. This kind of market economy is rare, though. The government usually plays a role. It adds taxes on goods to pay for schools, roads and other public needs. Taxes affect the price of goods and services. Tariffs also affect prices. Tariffs are fees countries add to imports. Laws are another example of government action. For example, there are age limits for buying alcohol. All of these examples affect the market economy.

Free-market economies have fewer limits than other kinds of economies. The United States is an example of a capitalist economy. Property is owned by individuals, not the government. Socialist countries are different. Most of their economies may be some form of a free market. However, the government may own some property. For example, it may own and operate the railways. Communist countries are not considered market economies. The government controls property and companies. It dictates what is produced. It controls what products the public gets. China and North Korea are two examples of communist countries.

Characteristics

A free market economy includes:

- **Private ownership of resources.** Individuals own the companies and property. The government does not. Workers are independent. They control where they work and what kind of work they do.

— **Strong financial markets.** Markets require capital. The term capital includes money, property and other resources. Financial institutions, like banks, offer loans. Borrowers may use this borrowed money to buy a house. They may choose to start a business. Companies may use a loan to expand their business.

— **Freedom to participate.** Producing goods or providing services is voluntary. So is consuming the goods or using the services. Individuals are free to participate or not.

Pros And Cons

Most of the world's more advanced nations have market-based economies. Free markets have flaws. However, they usually do a better job of meeting people's needs. Here are some advantages and drawbacks of free-market systems:

— **Competition leads to innovation.** Producers try to supply consumer demand. They also look for ways to beat competitors. Competition can motivate companies to be more efficient. For example, companies can replace human workers with robots. Such changes may save a company money. New inventions can also open new markets. Take television, for example. The invention of TV created a new kind of market. It provided a new source of entertainment. It changed the entertainment industry.

— **Profit is encouraged.** Companies make profits when they earn more money than they spend. Businesses that succeed will see greater profits. Some of these profits go to the owners. Some is invested back into the business. This money can help the company continue to grow and improve.

— **Bigger is often better.** Large companies often have an advantage over small producers. They can make goods or provide services more cheaply. This situation can result in a big producer driving rivals out of business. A big producer can also take control of resources. The result may be a monopoly. A monopoly is when a company knocks out the competition. It then has total control of a market. A monopoly then can force people to pay higher prices.

- 1 Which sentence from the article states a MAIN idea of the entire article?
 - (A) A free market economy is a system where people can buy and sell what they want.
 - (B) Markets can be as small and simple as a farmer's market.
 - (C) Most of their economies may be some form of a free market.
 - (D) People in a free market have no promises of success.
- 2 What is the MAIN idea of the section "Pros And Cons"?
 - (A) Free market economies are affected by laws that governments make.
 - (B) There are countries that do not like to have free market economies.
 - (C) Free market economies can cause problems for some countries.
 - (D) There are good things and bad things about free market economies.
- 3 What does Image 1 show?
 - (A) It shows a very big and complex market.
 - (B) It shows people trading money for goods.
 - (C) It shows how the government adds taxes.
 - (D) It shows a problem with free market economies.
- 4 Look at Image 2. Based on the image, where do people have a more capitalist and free market society?
 - (A) Japan
 - (B) North Korea
 - (C) China
 - (D) Venezuela

