***Econ 1.1 Level 3***

***Answer the following questions in depth and in complete sentences.***

1. In your own words, explain why we study economics.
2. In your own words, explain the role scarcity plays in the study of Economics.
3. In your own words, define scarcity and the role it plays for both consumers and producers in making decisions.
4. You go to school and get a free lunch to eat, what is wrong with the term free lunch?
5. What is the number one resource all of us have, just in differing amounts? How does this scarce resource affect our decision making?
6. How do you budget your time to study, work, and spend time with friends? Why is this so hard?
7. What is utility, and what role does it play in the process of decision making?
8. What are the factors of production, and why are they scarce? Give at least 2 examples of each.
9. What is the difference between scarcity and shortage? Give at least 2 examples
10. In your own words, analyze the difference between scarcity and a shortage and the effect they have on producers and consumers. Must be 3 paragraphs long minimum.