

CHAPTER 2 Economic Resources and Systems

Key Words: Matching

DIRECTIONS: Match each key word to its definition below.

- | | |
|-------------------------------------|-----------------------------|
| a. capital resources | g. mixed economy |
| b. command economy | h. natural resources |
| c. entrepreneurial resources | i. scarcity |
| d. factors of production | j. supply |
| e. human resources | k. demand |
| f. market economy | l. economics |

1. Raw materials from nature used to produce goods. _____
2. The knowledge, efforts, and skills people provide. _____
3. Things such as buildings, materials, and equipment used to produce goods and services. _____
4. The amount of goods and services that producers will provide at various prices. _____
5. The initiative to improve goods and services or create new ones. _____
6. A system in which economic decisions are made in the marketplace according to the laws of supply and demand. _____
7. The study of how society chooses to use resources to produce and distribute goods and services. _____
8. The resources used to produce goods and services. _____
9. A system in which a central authority such as the state makes the key economic decisions. _____
10. The amount or quantity of goods and services that consumers are willing to buy at various prices. _____
11. The shortage of economic resources. _____
12. A combination of a command and a market economy. _____

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Key Concepts: Multiple Choice

DIRECTIONS: Circle the letter for the word or phrase that best completes each sentence.

1. The economy of the United States is _____.
 - a. entirely a market economy
 - b. entirely a command economy
 - c. a mixed economy
 - d. a barter system
2. Natural resources become factors of production _____.
 - a. when they are used to produce goods
 - b. as soon as they are discovered
 - c. as soon as they are invented
 - d. only if nothing else is available
3. An example of a capital resource would be _____.
 - a. coal
 - b. an ice cream truck
 - c. the President of the United States
 - d. a banker
4. Skilled, unskilled, physical, or intellectual are used in this chapter to describe _____.
 - a. natural resources
 - b. capital resources
 - c. library resources
 - d. human resources
5. An example of a capitalist country is _____.
 - a. Cuba
 - b. Sweden
 - c. Japan
 - d. China

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Analytical Skills 1: Factors of Production

DIRECTIONS: Classify each of the factors of production listed below as either a natural resource, a human resource, a capital resource, or an entrepreneurial resource. Put a check mark (✓) in the appropriate box on the right.

	Natural Resource	Human Resource	Capital Resource	Entrepreneurial Resource
Tree				
Office building				
Water				
Magazine publisher				
Teacher				
Oil rig				
Corporate manager				
Fish				
Bus driver				
Automated teller machine				
Small business owner				
Tractor				
Construction worker				
Printing press				
Fertile land				
Henry Ford				
Farmer				

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Computer Skills: Crude Oil Reserves

DIRECTIONS: Petroleum, or crude oil, is one of the most valuable natural resources in the world. It is used to produce everything from gasoline to plastic to lip balm. It is also a limited resource. Countries rich in oil deposits can make a lot of money selling their oil to countries that aren't. Use the information in the table below to create a column graph comparing crude oil reserves in different parts of the world.

WORLD CRUDE OIL RESERVES	
Area	Crude Oil (billions of barrels)
North America	54.3
Central and South America	86.2
Western Europe	18.6
Eastern Europe and former USSR	59.0
Middle East	675.6
Africa	74.7
Far East	44.0

1. Start your spreadsheet program.
2. Enter the data from the table above into your spreadsheet.
3. Using the graph tool, convert the data into a column graph.
4. After completing your graph, save your work to a new file.
5. Print out a copy of your work if your teacher has instructed you to do so.

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Reading Skills: Russia's Middle Class

DIRECTIONS: *Since the collapse of the Soviet Union in 1991, the Russian Federation has struggled to make a transition from a strict command economy to a more market-based economy. The article below describes some of the recent changes in Russia and the emergence of a middle class. Read the article and answer the questions that follow.*

The revival of a small-business-dominated middle class in Russia harks back to the twilight of czarist times. Before the Bolshevik Revolution, Moscow, St. Petersburg, and leading towns had a budding middle class that consisted mostly of merchants and small businesses. Today, in the greater Samara region of Russia, a new generation of such business owners has emerged. Within the last two years alone, some 150 to 200 businesses have been established to supply equipment, such as tables and shelves, to a growing number of shops, street kiosks, and restaurants. There are now some 400 independent bakeries in the region and about 80 independent gas stations.

It's not just small-business operators that are supplying Russia's new middle class. Also feeding the ranks are managers at big Russian and multinational firms. Foreign companies, which generally pay higher salaries, are turning increasingly to Russians to fill management jobs. In Samara, the new general manager of Coca-Cola Bottlers is a Russian, replacing a British national.

The new middle class is beginning to create civic institutions to promote a healthy business environment. A growing force is the Chamber of Commerce of the Samara Region. It's based in an elegant mansion built by a wealthy 19th-century industrialist and was used as a hotel by the Communist Party brass during the Soviet period. The Chamber of Commerce has 900 members, 700 of them small businesses.

The real question is whether the down-and-out places in Russia can get on the same track as Samara. The development of a middle class is too large a task for local action alone. That's why there is ultimately no substitute for action by the Kremlin, the central government of Russia. So far, Russian President Vladimir Putin's government has a mixed record. It improved matters by enacting a tax-reform bill that both simplified the tax code and slashed tax rates. Also helpful is the Putin team's liberal views in favor of open markets, which has spurred an increase in foreign investment.

A measure to permit ownership of land could create a potentially vast class of new property owners. As it is now, entrepreneurs can buy a building, but they can't buy the land underneath it. No less important is Putin's initiative to create a workable national banking system to which small businesses and consumers have easy access. At present, very few small-business owners are able to get a loan from a bank and there is no market in mortgages for residential housing.

Russia remains a laggard among post-Soviet nations in building a middle class. But it can't be forgotten that Russia was ground zero for the Bolshevik Revolution, the project to create a classless society.

Adapted from Paul Starobin and Olga Kravchenko, "Russia's Middle Class," *BusinessWeek*, 16 October 2000.

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1. The new Russian middle class consists mostly of what kind of workers?

2. What are some of the new types of businesses that have emerged in the greater Samara region?

3. What is the new middle class doing to promote a health business environment?

4. What was the Chamber of Commerce building in the Samara Region used for in the past?

5. What are some of President Vladimir Putin's initiatives to improve economic conditions in Russia?

6. What are the problems with the current banking system in Russia?

7. What is the current situation regarding property ownership for entrepreneurs in Russia?

8. How does Russia rank among other post-Soviet nations in building a middle class?

Student _____

Date _____

Class _____

Instructor _____

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Writing Skills 1: Economic Resources

DIRECTIONS: Describe how the four types of resources are used to produce an everyday object found in your classroom, such as a Post-It Note™ or a paper clip.

Writing Skills 2: Economic Systems

DIRECTIONS: Explain the differences between market and command economies and describe how a mixed economy combines them.

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Analytical Skills 2: Nuclear Power

DIRECTIONS: The world does not have an unlimited supply of natural resources, such as oil, coal, or natural gas, to produce energy. As a result, nuclear power has become an alternative source of electrical energy for many countries. Read the table below and answer the questions that follow.

Country	Number of Reactors	Electricity Supplied in Terawatt-Hours *	Total Energy Supplied (%)
Belgium	7	45	57
Canada	14	69	12
France	59	395	76
Germany	19	160	31
Japan	53	305	34
Russia	29	120	15
Spain	9	59	28
Sweden	11	55	39
United Kingdom	35	78	22
United States	104	754	20

Source: International Atomic Energy Agency

*terawatt-hour = 1 trillion watts per hour

- Which nation produces the most energy (in terawatt-hours)?

- How much more does it produce than the lowest-producing nation?

- How many more nuclear reactors does the United States have than France?

- Which country uses nuclear power to supply the largest percentage of its energy?

- Which country uses the lowest percentage?

- What is the difference in these percentages?

- What was the total amount of electrical energy needed by the following countries (in terawatt-hours)?
The United States: _____
France: _____
Japan: _____