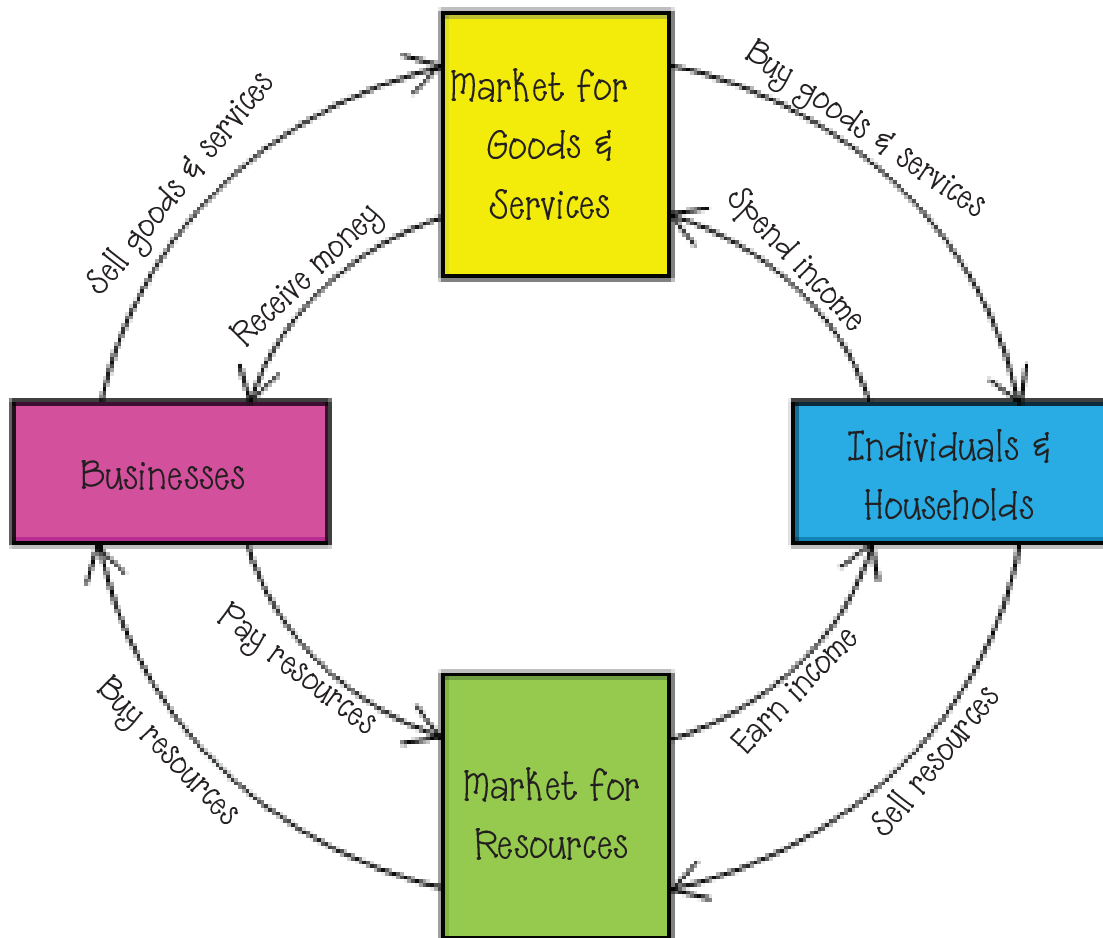


\* What did you observe during the simulation? Answers may vary.

### Circular Flow Diagram



\* Write a scenario that shows how the term scarcity, choice, and opportunity cost are related. Answers may vary. I was sick last week and unable to mow the lawn, so I didn't get my allowance. I was supposed to go to the mall with my friend to get matching shirts and then a movie, but I was experiencing a scarcity of money. I had to make a choice between the two. So, I decided to go to the movies and my opportunity cost was not buying the shirt.

\* When you make an economic choice about what good to buy, what influences your decision? Answers may include: the price of the item, how other people feel about the item, the popularity of the item, what other people said about the item, other choices I have besides the item

\* Bob has found two CDs he wants. CD #1 is his first choice, but CD #2 is two dollars cheaper. Which one do you think he will buy? Why? I think he will buy CD #2 because then he will have money left over for something else.

\* Marion owns a bakery down the street from another bakery. Both bakeries are popular and charge the same price for a dozen cookies. Marion decides to drop the price of her cookies by twenty-five cents a dozen. How might this affect people buying cookies in the neighborhood? People might decide to go to Marion's bakery instead of the other one, because her cookies are cheaper and just as popular.