

# What Do I Do Best?

Keystone Principle #6 – Do what you do best, trade for the rest

## Monthly Teaching Theme Student Assessment

### I. Vocabulary

Match each word with its definition.

\_\_\_\_ 1. Specialization

\_\_\_\_ 2. Perception of value

\_\_\_\_ 3. Goods

\_\_\_\_ 4. Services

\_\_\_\_ 5. Producers

\_\_\_\_ 6. Consumers

\_\_\_\_ 7. Opportunity cost

\_\_\_\_ 8. Trade

- a. Activities performed by people, firms, or government agencies to satisfy economic wants.
- b. The value given to a good or service by an individual based on his or her value system.
- c. People and firms that use resources to make goods and services
- d. Tangible objects that satisfy economic wants.
- e. People who use goods and services to satisfy their personal needs and not for resale or in the production of other goods and services.
- f. A situation in which people produce a narrower range of goods and services than they consume.
- g. The exchange of goods and services for money or other goods and services
- h. The second-best alternative (or the value of that alternative) that must be given up when scarce resources are used for one purpose instead of another.

Put a check mark next to each condition which leads to greater trade benefits.

\_\_\_\_ Transparency

\_\_\_\_ Tangible costs

\_\_\_\_ Openness

\_\_\_\_ Voluntary

\_\_\_\_ Sunk costs

\_\_\_\_ Honesty

\_\_\_\_ Utility

\_\_\_\_ Eligibility

## **II. Journal**

Name something (a good or service) that you can produce at a relatively low opportunity cost. Remember to consider tangible and intangible as well as short- and long-term costs as you narrow it down. What is the opportunity cost of doing that thing? Why is it best for you to focus on doing that and not something else? How could you use that good or service to trade for other goods and services that would cost you more? Thinking as an economist, name at least two things that you would expect to happen as a result of trading.