Name:

Economics – Reading Guide

Pages 1 -15 Due August 12th Value: 15 points

**Please answer the following questions. Use** [**www.investopedia.com**](http://www.investopedia.com) **if you need to define a word**

What is the most important difference between a market economy and a centrally planned economy? (page 5)

How is “maximizing utility” at the core of how market economies work? (page 6)

How is maximizing utility different from acting selfishly? (page 8)

How is life and economics about “trade-offs”? (pages 9-10)

What is a “cost” in economic jargon? (page 11)

How does the example the author uses on page 12 explain how costs influence behavior? What are the social outcomes of this specific example? (12)

What role do prices have in a market economy? Be sure to understand this completely! (13-15)