

GUIDED READING Activity 3-1

For Use with textbook pages 59–64

CONSUMPTION, INCOME, AND DECISION MAKING

RECALLING THE FACTS

Directions: Use the information in your textbook to answer the questions.

1. What are the characteristics of a consumer?

Disposable and Discretionary Income

2. What are the two types of income?
- a. _____ income
 - b. _____ income
3. How are the two types of income different from one another?

4. What factors help determine a person's potential earning power?

Decision Making as a Consumer

5. What are the three decisions consumers have to make?
- a. _____
 - b. _____
 - c. _____
6. What scarce resources are involved in making a purchase?

7. What must a person decide if they choose to buy a higher-priced product over a lower-priced product?

8. How do economists define rational choice?
