

Economics Line of Inquiry
Lesson 3

Reading 1 Handout – Answer Key
The Economics Lowdown – The Labor Market

Answers are shown in red.

Vocabulary Assessments

I. Pronunciation

Directions: Identify the correct vowel sound of the **red** letter in each word.

1. L**a**bor (the letter “a”)
A. Long A
B. Long O
C. Short O
D. Short A
2. Equil**i**brum (the letter “i”)
A. Long E
B. Long I
C. Short E
D. Short I
3. Subst**i**tution (the first letter “i”)
A. Long E
B. Long I
C. Short E
D. Short I
4. Sh**i**ft (the letter “i”)
A. Long E
B. Long I
C. Short E
D. Short I
5. C**o**st (the letter “o”)
A. Long A
B. Long O
C. Short O
D. Short A

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II. Odd One Out

Directions: Identify the word that does not belong for each set of words.

1. **Labor:** job, employee, **education**, occupation
2. **Equilibrium:** balanced, **unfair**, equal, stable
3. **Substitution:** replacement, alternative, exchange, **remain**
4. **Shift:** change, **constant**, transition, adjustment
5. **Opportunity Cost:** **demand**, alternative, trade-off, choice

III. Complete the Sentence

Directions: Fill in the blanks with the appropriate vocabulary words.

Word Bank: substitution, equilibrium, shift, labor market, opportunity cost

1. Have you participated in the **labor market**? If so, you've been actively looking for a job.
2. The **equilibrium** price is the point where the demand for labor meets the supply, resulting in a stable wage.
3. The **substitution** effect explains why people tend to work more when they are offered higher wages.
4. A **shift** in the job market happens when there are sudden changes in the number of jobs available.
5. When deciding between working and relaxing, it's important to consider the **opportunity cost** - the value of what you could have done instead.

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Reading 1 Comprehension Check

Directions: Read the article and choose the correct answer for each question:

1. What is the labor market?
 - A. A place to buy and sell goods
 - B. A marketplace for jobs and workers**
 - C. A financial institution
 - D. An educational institution
2. What is the “good” being bought and sold in the labor market?
 - A. Services
 - B. Goods
 - C. Labor**
 - D. Tools and equipment
3. What happens in the labor market?
 - A. Individuals demand goods and services
 - B. Firms supply labor
 - C. Individuals supply labor**
 - D. Firms demand goods and services
4. How does the supply of labor graph look?
 - A. Upward slope**
 - B. Downward slope
 - C. Straight line
 - D. Circular pattern
5. What determines the demand for nurses?
 - A. The demand for goods and services
 - B. The substitution effect
 - C. The opportunity cost
 - D. The demand for healthcare services**
6. What is one factor that affects the number of workers in given professions?
 - A. The equilibrium price
 - B. The substitution effect
 - C. The comparative attractiveness of jobs**
 - D. The shift in the labor market

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7. What should you do if you want to earn higher wages, according to the article?
- A. Choose jobs with low demand.
 - B. Find professions with high demand and a small supply of qualified providers.**
 - C. Stick to your current profession.
 - D. Avoid education and training opportunities.