**Unit 1 Study Guide Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Block:\_\_\_\_\_\_\_\_**

**Test Date:**

**Tutoring:**

**Fundamental Concepts**

1. What is **economics**?
2. What is **scarcity**?
3. Why are all goods and services scarce?
4. What is an **opportunity cost**?
5. What is **voluntary exchange**?
6. What is **specialization**?
7. How does **specialization** lead to a need for exchange?
8. What is an **incentive**? (give an example)
9. What is a **rational decision**?

**Productive Resources / Factors of Production**

1. Define **land** resources? (give 2 examples)
2. Define **labor** resources? (give 2 examples)
3. Define **capital** resources? (give 2 examples)
4. What is the role of an **entrepreneur**?
5. What encourages **entrepreneurs** to take risks and create new businesses and products?
6. What is **human capital**?
7. How does investment in **human capital** (health, education, and training of people) lead to increased productivity, economic growth, and future standards of living?

**Production Possibilities Curve**

1. What can a **production possibilities curve (PPC)** tell us about an economy’s output?
2. Draw a PPC that shows an **increase** and describe what could have caused this increase. (Remember IRDL the Turtle!)
3. Draw a PPC that shows a **decrease** and describe what could have caused this decrease.
4. What is the opportunity cost of increasing the production of shoes from 2 units to 4 units?

**Hats**

**Shoes**

1. On the following graph, what do the following points represent:

**Robot**

* 1. **Points B,C,D:**
  2. **Point A:**
  3. **Point E:**  **Pizza**

\*\*Note: You must know how to read a PPC graph like in the 2 questions on the quiz. Study those questions.

**Economic Systems**

1. What does the word **allocate** mean?
2. What are the three key **economic questions**?
3. What is the purpose of an **economic system**?
4. What is **private ownership**?
5. What is **consumer sovereignty**?
6. What are the characteristics of a **command econo**my? (with relation to private ownership, consumer sovereignty, competition, government regulation)
7. What are the characteristics of a **market economy**? (with relation to private ownership, consumer sovereignty, competition, government regulation)
8. What are the characteristics of a **mixed market economy**? (with relation to private ownership, consumer sovereignty, competition, government regulation)
9. What are the characteristics of a **traditional economy**? (Will not be on the test but learn just in case it’s on the EOCT)
10. Which economic system(s) value the broad social and economic goals of freedom and efficiency?
11. Which economic system(s) value the broad social and economic goals of equity and security?

**Role of the Government in Mixed Market Economies**

1. What is the role of the government in a mixed market economy?
2. Why do governments provide public goods and services, redistribute income, protect property rights, and resolve market failures?
3. What is a **market failure**? Give one example.
4. What is a **public good** or service (give 2 examples)?
5. Why does the government protect inventors and authors by offering them **patents** and **copyrights**?
6. What is a safety net and what kinds of **safety nets** does the government provide to the people of the U.S.?
7. What happens when the government regulates an industry?
8. What happens with the government deregulates an industry?