

Name: \_\_\_\_\_  
Period: \_\_\_\_\_

## Unit 1 Review Packet

### Part 1: Vocabulary

#### Directions:

Make sure you understand and could explain each term in your own words. Optional: Write out definitions or make flashcards for terms you are struggling with or want to study more.

- Scarcity
- Factors of Production
- Capital
- Labor
- Natural Resources
- Entrepreneurship
- Technology
- Value
- Utility
- Paradox of Value
- Consumer Goods
- Capital Goods
- Services
- Consumers
- Producers
- Traditional Economy
- Command Economy
- Market Economy
- Capitalism
- Laissez-Faire
- Invisible Hand
- Incentives
- Profit
- Self-Interest
- Mixed Economy
- Distribution of Wealth
- Trade Offs
- Opportunity Cost
- Opportunity Benefit
- Production Possibilities
- Production Possibilities Curve
- Circular Flow of the Economy
- Economic Growth

### Part 2: Q & A

Directions: Answer the following questions using COMPLETE sentences.

1. What are the THREE fundamental questions of economics?

1.

2.

3.

2. What is the biggest challenge of economics? Why does this challenge exist?

3. What is economics?

4. Who answers the three fundamental economic questions in a:

1. Traditional Economy:

2. Command Economy:

3. Market Economy:

4. Mixed Economy:

5. Define and explain TINSTAAFL.

6. Explain the difference between a want and a need. Give an example.

7. How does scarcity relate to value and utility? Why is it weird diamonds are worth more than water?

8. Describe the circular flow of the economy.

9. When does economic growth occur? Why is productivity important to economic growth?

10. Describe the factors of production. Give a real world example of each.

Factor of Production	Description	Real World Example
1.		
2.		
3.		
4.		
5.		

11. Why is economic freedom so important to the way capitalism functions?

12. What is the difference between capitalism and communism with private property?

13. What is the role of the Entrepreneur in a capitalist economy?

14. Give an example of how incentives increase the efficiency of labor.

15. How does the profit motive and competition work together to benefit consumers?

**Part 3: Matching**

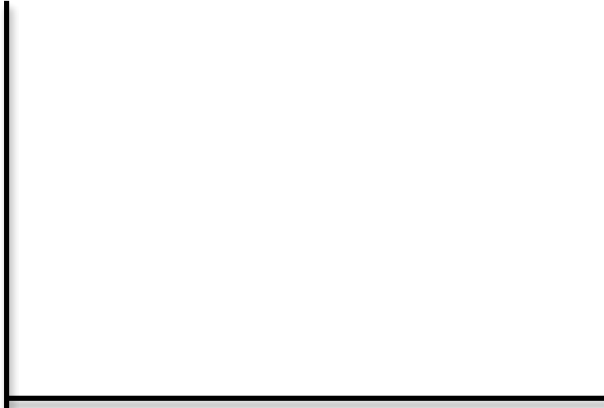
**Directions:** Write the letter of the definition/description in the 2<sup>nd</sup> column to the term/name in the 1<sup>st</sup>.

- |                             |       |                                  |
|-----------------------------|-------|----------------------------------|
| 1. Adam Smith               | _____ | a. All the G&S we could produce  |
| 2. Karl Marx                | _____ | b. Command Economy               |
| 3. Opportunity Cost         | _____ | c. Factors of Production         |
| 4. Trade Offs               | _____ | d. Next best choice              |
| 5. Resources                | _____ | e. Food/water, shelter, clothing |
| 6. Necessities              | _____ | f. Father of Socialism/Communism |
| 7. Production Possibilities | _____ | g. Traditional Economy           |
| 8. Communism                | _____ | h. Options or Choices            |
| 9. Capitalism               | _____ | i. Father of Capitalism          |
| 10. Tribal Economy          | _____ | j. Market Economy                |

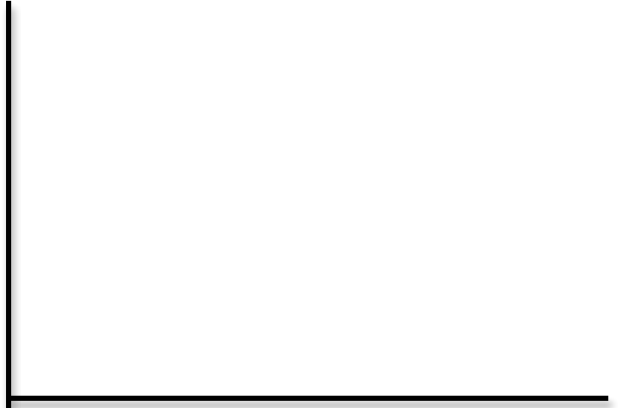
**Part 4: Graphing**

**Directions:** In the space provided, draw a Production Possibilities Curve (PPC) for each of the following prompts. Label your axes with any two goods that use similar resources.

1. Efficient PPC



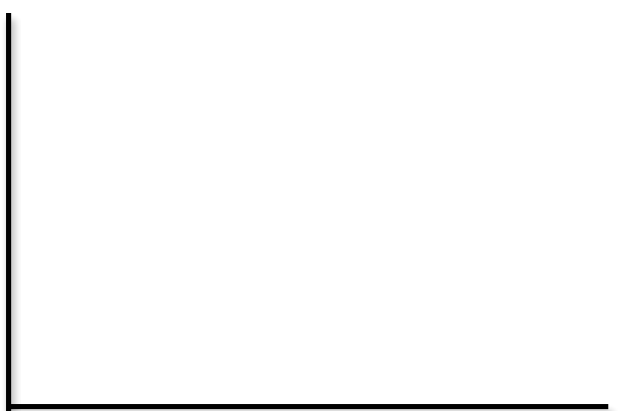
2. Inefficient PPC



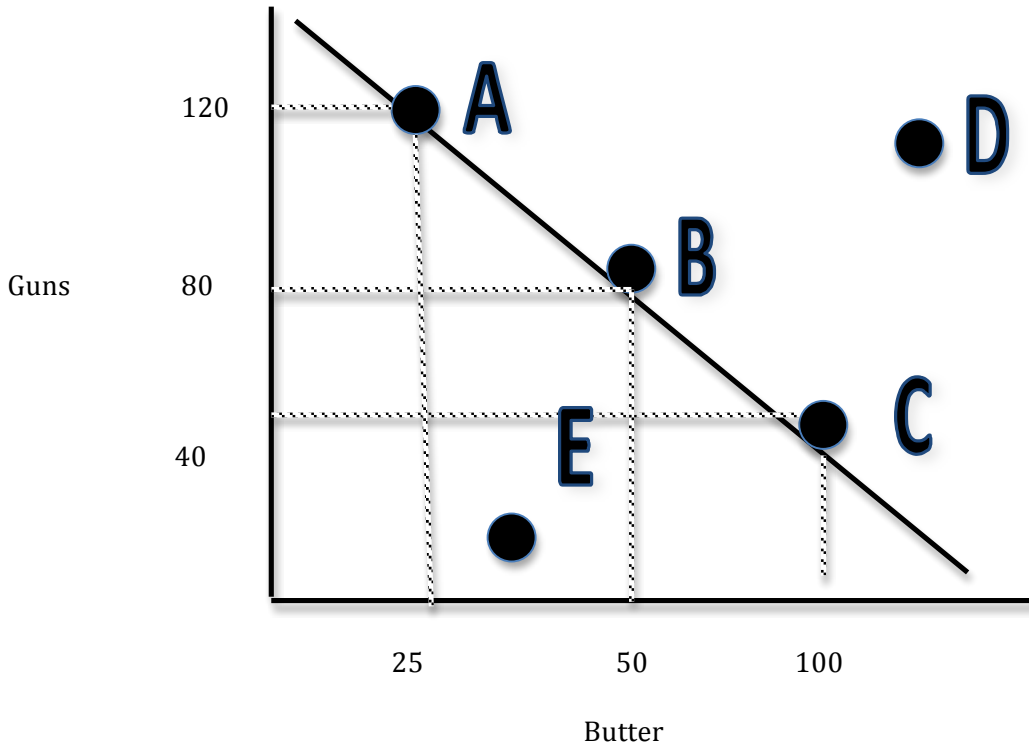
3. Movement from Inefficient to Efficient PPC



4. Economic Growth (using a PPC)



5. Answer the following questions about the following PPC graph.



1. At point A, what is the quantity of guns and butter are produced?
2. What is the opportunity cost if we want to increase production of butter from 25 units to 50 units? What is the opportunity benefit?
3. What do we give up if we want to produce 100 units of butter?
4. Can we produce at point D? If not, what would we need to produce more at point D?
5. What is wrong with producing at point E?

6. Identify several trade offs for the use of you time after school. Fill in the table below to demonstrate the opportunity cost of each decision.

Action	Opportunity Cost	How will this affect your family?