**Introduction to Economics Notes**

What is economics?

Why do we have to make economic choices?

What is scarcity?

What is the difference between scarcity and shortage?

Why does scarcity exist?

What are factors of production?

Describe each one

***Land***

***Labor***

***Capital***

***Entrepreneur***

What is the difference between human capital and physical capital?

Why are all goods and services scarce?

To an economist what are tradeoffs?

What are two definitions of opportunity cost?

What is thinking at the margins?

What is this decision making process called?

When should no more units be added?

What is a production possibilities curve used for?

What happens when resources are used to make more of one product or provide one service?

Define efficiency

Provide an example of how an economy can grow.

How does a PPC demonstrate growth or effiency?

What is cost?

What is the law of increasing cost?

How does technology affect production of goods and services?

**Economic Systems**

What is an economic system?

Why do we need economic systems?

**Describe each of the economic systems**

What goods and services should be produced?

How should these goods and services be produced?

Who consumes these goods and services?

What are factors of payment?

Why do we have different factors of payment?

What are the 5 major economic goals of societies?

* ***Economic efficiency-***
* ***Economic freedom-***
* ***Economic security and predictability-***
* ***Economic equity-***

* ***Economic growth and innovation***

**Economic Systems**

***Traditional economy-***

***Market Economy-***

***Command Economy-***

***Mixed Economy-***

What is a market?

Why do they exist?

Why do we have specialization? Two reasons

What is a free market economy?

Define households

Define firms

What are inputs? Outputs?

What is a factor market?

What is a product market?

What shows how they are all connected?

*Pages 29-30 explain the details of a circular flow diagram; you need to know this for the next quiz*

What are the two things that make the market work according to Adam Smith?

What is self interest?

What competition in the market?

What causes competition for consumers?

For producers?

Self interest is a \_\_\_\_\_\_\_\_\_\_\_\_ force and competition is a \_\_\_\_\_\_\_\_\_\_\_\_\_ force.

What did Smith call this self regulating process?

List the following advantages of the free market

1. *Economic efficiency-*
2. *Economic Freedom*

1. *Economic Growth*
2. *Additional Goals-*

List two weaknesses of the free market

What is consumer sovereignty?

**American Economy Notes**

Why has America had so much economic success (3 reasons)?

What is free enterprise?

How does the 5TH Amendment protect property?

Define imminent domain.

Which amendment gave the federal government the power to tax individuals and businesses?

Explain how each of the following is a basic principle of free enterprise:

*Profit Motive-*

*Open Opportunity*-

Economic Rights-

*Legal equality*

*Property rights*

*Free contract*

*Voluntary exchange*

*Competition*

In America’s free enterprise system what is the role of the consumer?

Why is consumer information important in a free enterprise economy?

How does government protect health, safety and well being of consumers?

What are some negative effects of regulation (list 2)?

What is gross domestic product?

What is the business cycle?

How does government policy promote the following?

Unemployment

Growth

Stability

Two factors that allow America to have a high standard of living

Work Ethic

Technology

How does the government provide incentive for innovation?

How does the government protect people’s ideas, inventions?

Patent-

Copyright-

What are public goods?

How are they funded?

What are the two criteria used for determining if something should be funded for the public good?

What is the public sector?

What is a free rider?

How are taxes used to prevent this problem?

What is market failure?

What are externalities?

What is a positive externality?

What is a negative externality?

What is the government’s role in externalities?

Who does the government provide a safety net for?

When did the government begin to provide for the welfare of all Americans?

When did this change and why?

What is a cash transfer?

1. *Temporary Assistance for Needy Families-*
2. *Social Security-*
3. *Unemployment insurance-*
4. *Workers Compensation*

What are in-kind benefits?

What is the difference between Medicare and Medicaid?

What is another in- kind benefit the government provides?

What are faith based initiatives?