

Unit 1 Study Guide

1. Explain specialization and division of labor.
2. What are the benefits of specialization?
3. Explain the term "Economic System".
4. List at least three characteristics of each type of economic system
5. List at least one advantage and one disadvantage of each economic system
6. Explain the difference between a trade-off and opportunity cost.
7. Give one example of a trade-off and one example of opportunity cost.
8. Explain the difference between microeconomics and macroeconomics. Give one example of each.
9. What is the basic problem that all nations face?
10. List the four factors of production and give one example of each.
11. What are transfer payments?
12. Define human capital
13. Define physical capital.
14. What is meant by a public good?
15. Who pays for public goods?
16. What is capital investment?
17. What is a regulation?
18. Explain the concept of a rational economic decision.
19. What is meant by marginal in economics?
20. Draw a production possibilities curve and label point that represent the nation in a recession, the nation operating efficiently, and an unattainable point, meaning, the nation does not have resources to produce at that point.
21. How might a nation gain economic growth?
22. Which would lead to faster economic growth: Capital Goods or Consumer Goods. Explain.
23. What is meant by a Free Rider?
24. What is meant by the redistribution of wealth in a mixed-market economy?
25. What is meant by equity in economics?
26. What is meant by a Transfer Payment and give one example of a transfer payment.