**Chapter 1 Scarcity and the Science of Economics**

**Exam (2/16/16)**

**Objectives:**

**Section1**

* **I can define Economics**
* **I can identify the fundamental economic problem.**
* **I can identify the three basic questions which every society must answer (because of scarcity)**
* **I can list and describe the four factors of production.**
* **I can understand and calculate GDP**

**Section 2**

* **I can understand that economic products are goods or services that are useful, relatively scarce, and transferable.**
* **I can understand that a value of a good or service depends on its scarcity and utility.**
* **I can understand that economic activity in markets connects individuals and businesses.**
* **I can understand and describe the factors that can impact play a part on a nation’s economic growth.**

**Section 3**

* **I can understand how economic choices involve trade-offs and the careful evaluation of opportunity costs.**
* **I can understand how economies face trade-offs when deciding what good and services to produce. (PPF)**
* **I can think like an economist. (cost-benefit analysis)**
* **I can understand and describe the importance and relevance of studying economics.**

**Vocabulary to know:**

1. **scarcity (p.6)**
2. **economics (p.6)**
3. **need**
4. **want**
5. **factors of production (p.8)**
6. **land (p.8)**
7. **capital**
8. **capital good**
9. **labor**

**10.entrepreneur**

**11.gross domestic product (GDP)**

**12.good**

**13.consumer good**

**14. durable good**

**15. nondurable good**

**16. service**

**17. value**

**18. paradox value**

**19. utility**

**20. wealth**

**21.market**

**22.factor market**

**23. product market**

**24. economic growth**

**25.productivity**

**26. human capital**

**27. division of labor**

**28. specialization**

**29. economic interdependence**

**30.trade -off**

**31. opportunity cost**

**32.production possibilities frontier**

**33.economic model**

**34. cost-benefit analysis**

**35.free enterprise economy**

**36.standard of living**