

Name: _____

Economics

Basic Economic Concepts

1. Complete each of the following tasks with short paragraphs:
 - A. Define scarcity and explain how it is related to choices and trade-offs
 - B. Fully explain the difference between the following (USE EXAMPLES FOR EACH):
 - i. Trade offs and Opportunity Cost
 - ii. Consumer Goods and Capital Goods
 - iii. Resource Markets and Product Markets
 - iv. Accounting costs vs. economic costs

2. Draw a Production Possibilities Graph for Sony using the following information:

	A	B	C	D	E	F	G
Digital Cameras	0	20	28	35	40	43	45
DVD Players	56	54	51	45	37	27	0

- A. What are the consequences of Sony producing at combination A? What about combination G?
 - B. Plot the combination 43 cameras and 50 DVD players and label it "X." Plot the combination 30 cameras and 40 players and label it "Y." Explain what is happening at these points?
 - C. Explain, with examples, how your graph shows 5 concepts: opportunity costs, scarcity, tradeoffs, unemployment, and economic growth.
3. Other Key Terms – explain each of the following and give a specific example of them:
 - a. Marginal Analysis
 - b. Traditional Economies
 - c. Command Economies
 - d. Free market Economies
 - e. Regulation
 - f. 4 factors of production

4. Circular Flow Diagram
 - a. Draw the circular flow diagram
 - b. What is the product market? Explain who demands and who supplies in the product market
 - c. What is the resource market? Explain who demands and who supplies in the resource market

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Econ Unit 1: Basic Economics Concepts Summary Sheet

Key Terms (Define the following)

- | | |
|--|--|
| <p>1. Scarcity</p> <p>2. Trade-offs</p> <p>3. Opportunity Cost</p> <p>4. Marginal Analysis</p> | <p>5. Capital Goods</p> <p>6. Consumer Goods</p> <p>7. Accounting Costs</p> <p>8. Economic Costs</p> |
|--|--|

Production Possibilities Curve (Frontier)

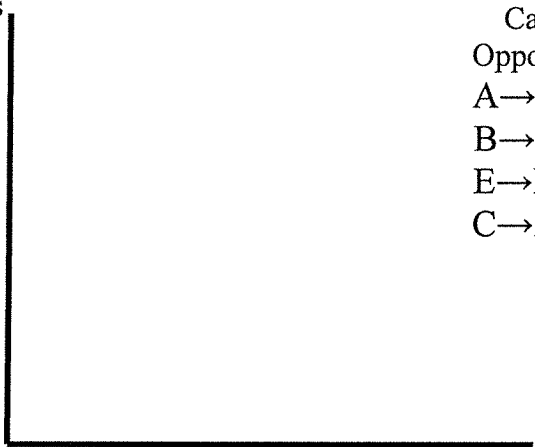
Use the chart to create a PPC to the right.

	A	B	C	D	E
Hats	0	1	2	3	4
Shoes	30	29	25	15	0

Label the following three points on the graph:

- X= Unemployment/Inefficiency
- Y= Efficient
- Z= Impossible given current resource

Shoes



Calculate the Opportunity Cost:

A → B: _____

B → C: _____

E → D: _____

C → A: _____

Hats

Free Market System

Key Characteristics -

Pros:

Cons:

Centrally Planned System

Key Characteristics -

Pros:

Cons:

Name: _____

Shifting the PPC	
Identify the four shifters of the PPC	
1.	
2.	
3.	
4.	

Shifting and Changes Practice (draw 3 PPCs with pizza and cars)		
Scenario: Better resources for both products	Scenario: Increase in consumer demand for pizza	Scenario: Improvements in technology for only cars

Circular Flow Model

Individuals _____ in the **product market** and _____ in the **resource market**

Businesses _____ in the **product market** and _____ in the **resource market**

Define the **Product Market** -

Define the **Resource Market** -

Circular Flow Model

