Objective: Economic Decisions

1. The study of how people make choices between their needs and wants is known as ____________________.

2. _____________________ means that there are limited resources for unlimited wants and needs.

3. The ____________________ of an economic decision is the most desirable trade off you make.

4. All the items given up when an economic choice is made are known as ____________________.

Ellen owns a bookstore with a physical location and an online store. Because of her expenses, she decides that she will have to close the physical store and only sell books online.

5. What is scarce: ____________________

6. Benefit: ____________________

7. Opportunity cost: ____________________

Hal runs his own apartment complex. He rents apartments to anyone in New York City. He charges $1000.00 a month for every apartment he rents out. However, he has a very expensive monthly mortgage payment to the bank, and must pay for maintenance and upkeep of each occupied apartment.

Hal is considering dividing each apartment unit in half by building a wall down the center each living room, doubling the number of available apartments. Many of Hal’s tenants claim they will move if the size of their apartment is cut in half.

8. What is scarce: ____________________

9. Benefit: ____________________

10. Opportunity cost: ____________________

Three questions we are trying to answer because items are scarce:

1. ____________________
2. ____________________
3. ____________________

Objective: Factors of Production

<table>
<thead>
<tr>
<th>What factor?</th>
<th>Give an example</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Natural resources used to produce goods and services</td>
<td></td>
</tr>
<tr>
<td>2. Man-made goods used to produce other goods</td>
<td></td>
</tr>
<tr>
<td>3. Knowledge, skills, and education</td>
<td></td>
</tr>
<tr>
<td>4. Human effort devoted toward production</td>
<td>…and tell whether your example is blue collar or white collar:</td>
</tr>
<tr>
<td>5. A person who creates a business or new products</td>
<td></td>
</tr>
</tbody>
</table>

Objective: Demand and Supply

1. In order to generate demand for a good, a consumer must ____________________ and ____________________.

2. The law of demand states that:
   a. as price increases, quantity demanded ____________, and
   b. as price decreases, quantity demanded ____________
   c. Why does this happen?

3. The law of supply states that:
   a. as price increases, quantity supplied ____________, and
   b. as price decreases, quantity supplied ____________
   c. Why does this happen?

4. ________________ When buyers will purchase exactly as much as sellers are willing to sell, what is the condition that has been reached?

5. __________________ Is the minimum wage a price floor or price ceiling?

6. __________________ On what kind of goods would the government generally place price ceilings?

7. __________________ Is a price ceiling likely to create a surplus or shortage?

8. Why is the supply of some goods inelastic?

9. Why is the demand for some goods inelastic?

BONUS: __________________ Name a good that has inelastic supply AND inelastic demand.
Graph the following demand schedule and supply schedule on the same graph.

<table>
<thead>
<tr>
<th>Price of an apartment</th>
<th>Quantity demanded</th>
<th>Quantity supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>$400</td>
<td>450</td>
<td>100</td>
</tr>
<tr>
<td>$600</td>
<td>350</td>
<td>200</td>
</tr>
<tr>
<td>$800</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td>$1000</td>
<td>100</td>
<td>400</td>
</tr>
<tr>
<td>$1200</td>
<td>50</td>
<td>500</td>
</tr>
</tbody>
</table>

10. Label the supply line, demand line, and equilibrium point.
11. The equilibrium price for apartments is ____________.
12. Name a price that would create a surplus of apartments: ____________.
13. Name a price that would create a shortage of apartments: ____________.
14. If people begin moving out of the area, the demand line above will shift to the (left / right.)
15. If the government created a price ceiling, would it be set above or below the equilibrium? (above / below)

**Objective: Businesses and markets**

1. What would we expect to be happening during a contraction?
2. What would we expect to be happening during an expansion?
3. How is a recession different from a depression?
4. Draw a business cycle, labeling these events: expansion, contraction, trough, peak
5. In the product market, ____________ buys ____________ from ____________.
6. In the factor market, ____________ buys ____________ from ____________.
7. A market dominated by one seller is a _________________. An Oligopoly is ________________.
8. Draw the circular flow of economic activities, including and labeling these parts:
   1) households
   2) business firms
   3) goods and services
   4) consumer expenditures
   5) factors of production
   6) wages, rent, dividends
9. Who owns a sole proprietorship?
10. Who owns a partnership?
11. Who owns a corporation?
12. What is unlimited liability? What is limited liability? What type of business has each?
13. Name 2 advantages and 2 disadvantages of ONE type of business organization.

What three things does competition give us?
How does the Federal Reserve try to influence the business cycle/economy?

What is Monetary Policy?

Define Fiscal Policy.

**Objective: Different Economies**

Define:
1. Traditional

   Ex.

2. Command

   Ex.

3. Mixed Market

   Ex.

4. Free Market

   Ex.