

**Unit 8 - Fundamentals of Economics
Review Sheet**

Part I (Vocabulary): Write the term being described in the space provided.

1. _____ things we would like to have
2. _____ things that are required for survival
3. _____ the alternative you face if you decide to do one thing rather than another
4. _____ the cost of your time or money when you choose to do one thing rather than another
5. _____ an individual who buys products or services for personal use
6. _____ a person or organization that produces goods or services for sale
7. _____ system in which businesses are allowed to compete for profit with a minimum of government interference
8. _____ rewards that are offered to try to persuade people to take certain economic actions
9. _____ a measure of the amount of output (production) produced by a given amount of inputs (work and supplies)
10. _____ the optimal production and distribution of these scarce resources
11. _____ breaking down of a job into smaller tasks which are performed by different workers
12. _____ the idea that government should not interfere in the marketplace; idea by Adam Smith
13. _____ used by Adam Smith to describe the natural force that guides free market capitalism through competition for scarce resources
14. _____ the driving force that encourages individuals and organizations to improve their material well-being
15. _____ not having enough resources to produce all of the things we would like to have
16. _____ system in which private citizens own most of the means of production
17. _____ countries being mutually dependent on one another economically
18. _____ government intervention is necessary to ensure economic growth and stability; theory by British economist
19. _____ belief that the means of production should be owned and controlled by society
20. _____ the right to use documented intellectual property in producing/selling a product
21. _____ owner's exclusive right to control, publish, and sell an original work

Part II (Matching): Decide which factor of production is being described.

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| 1. _____ The owner of the local grocery store | 7. _____ Tools and factories |
| 2. _____ The mechanic to fix a car | 8. _____ The solar energy to power a factory |
| 3. _____ The tractor to harvest crops on a farm | 9. _____ telemarketer for a credit card company |
| 4. _____ Broken parts to fix the assembly line | 10. _____ The knowledge to create a new product |
| 5. _____ The manager of Target | 11. _____ Risk-takers who start a business |
| 6. _____ The water for irrigating crops | 12. _____ The cotton for making shirts |

Part III (Types of Economies): Decide what type of economy is being described in each table.

Found in developing countries (like Afghanistan); May have or have had problems of war or debt; Decisions are made by custom or habit	Found in communist countries (like Cuba and North Korea); The government makes most of the choices/decisions	What most economic systems are today; Private ownership with government regulations	Influenced by profit motive most strongly; Allows for the most individual freedom; Based on free enterprise and capitalism
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Part IV (Short Answer): Write the answer to the question in the space provided.

1. What are the three economic questions? _____
2. What is the difference between a good and a service? _____
How are they similar? _____
3. What is a major incentive for someone to start a business? _____
4. What is the difference between disposable and discretionary income? _____