***Econ MT 1 EOT Study Guide***

***Common Terms and Concepts***

1. ***What causes Nations to have to trade with one another?***
2. ***If you choose one thing over another, what is your next best alternative?***
3. ***Because people have unlimited wants and needs, but limited resources, we have to….***
4. ***A production possibilities curve illustrates that we have to make choices due to what?***
5. ***What is it called when there are not enough resources to satisfy our wants and needs, therefore we have to make choices?***
6. ***If you decide to work instead of go to college, what is the opportunity cost?***
7. ***Because of the drought, farmers have to best decide how to use what natural resource?***
8. ***Why do all societies have to decide what to make, who to make it for, and how to make it?***
9. ***Because no government can supply everything to everybody with their own natural resources, what do they have to do?***
10. ***If I decide to create more aluminum for tin foil and use less for baseball bats, what is the opportunity cost?***
11. ***If you buy a burger and are still hungry, so you buy another, what economic concept are you trying to satisfy?***
12. ***What economic system is it when all members of a society are allowed to pursue their own rational self-interest?***
13. ***What are the components of a command economy?***
14. ***If a store owner decides to supply more of one thing than another, they do so because the opportunity cost is too high/low not to.***
15. ***Would Adam Smith agree with the government offering incentives to limit a business’s production?***
16. ***If you acquire more capital for your business, which way would the Production possibilities curve shift?***
17. ***If the price of gasoline increases, what would happen to the demand curve for tires?***
18. ***What would cause an outward shift in the PPC?***
19. ***In a Free enterprise system, who makes the ultimate decision on what is produced?***
20. ***What type of economic system has public services available at little to cost?***
21. ***In which system is the government a regulator of competition?***
22. ***Would implementing flexible workhours be a financial (monetary) or nonfinancial (non-monetary) incentive? Would it encourage creativity, etc…***
23. ***If people continually leave a company that pays high to go to a company that has a great working environment, what does that say about only offering high pay?***
24. ***If you get a percentage of sales, what type of incentive are they using to get more production?***
25. ***What does diminishing marginal utility mean?***
26. ***Question about Bulls tickets… answer is demand is elastic***

***Essay:***

1. ***Analyze why consumers and producers must make decisions in what they purchase, and what they produce? Essay must take into account at least 3 of these concepts:***
   * + ***Scarcity***
     + ***Opportunity Costs***
     + ***Factors of production***
     + ***Profit motive***
     + ***Cost benefit analysis***