

Unit 1 – Review of Main Concepts

*This review sheet should not be seen as an exhaustive covering of the material, and is only meant to give you a basic starting point for your studying.

Textbook Readings:

Ch. 1 – “What is Economics”

Ch. 2 - “Economic Systems and Decision Making” (sections 1 & 2)

Lectures: (much of the content will come from lectures!)

Economics Intro

Factors of Production

Opportunity Cost

Circular Flow (Econoland)

Economic Systems (DK Island)

Business Types

Key Terms and Concepts to Know:

- Scarcity
- Wants
- Needs
- Trade Offs
- Opportunity Cost
- Equity
- Efficiency
- Benefit
- Cost
- Utility
- Value
- Wealth
- Factors of Production (Land, Labor, Capital, Entrepreneurship) – be able to give examples from each of the four groups and know the classifications.
- Production Possibility Frontiers - how are they used? Examples from class are helpful to know. Richard Gill’s explanations are always key! (Econ U\$A)
- **Circular Flow of Goods** (What connects households and businesses? What is exchanged?)
- Key points regarding Economic Systems (3 primary types of systems listed in the book and some of the advantages/disadvantages that each offers to a society)
- Be able to give concrete examples of Economic Systems (what do Command systems offer? What do Market systems offer?)

- Understand the concept of a “Mixed” Economic System (hybrid of Command and Market): Remember, sometimes “mixed” is not available... how would countries fit into the types of economies if “mixed” isn’t an option?
- Basic advantages/disadvantages of the 3 primary business types
- Know the general information about the 7 goals of any economic system. What does each goal shoot for? Which economic systems cater to the specific goals?