**Unit 7 REVIEW**

**Match the following terms to the appropriate definition or description.**

Butter

Consumer

Entrepreneur

Fixed Cost

Good

Greater

Guns

Human Capital

Incentive

Labor

Land

Left

Marginal Costs

Need

Opportunity Cost

Physical capital

Producer

Production Possibilities Frontier

Productivity

Renewable Resource

Right

Salary

Scarcity

Service

Thinking at the Margin

Total Cost

Trade-off

Underutilization

Variable Costs

Wage

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A tangible object that can be bought and used to meet the needs

 and wants of consumers.

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Our goods and services are limited due to this economic problem.

3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Man-made objects that are used to make other goods and services.

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A resource that can be naturally replenished.

5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A fixed income paid on a monthly basis.

6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ An alternative that we sacrifice when we make a decision.

7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The most desirable sacrifice when we make a decision.

8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ That which is necessary for survival.

9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Natural resources used to make goods and services.

10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The person who combines land, labor, and capital to make goods

 and services.

11. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A person who works on an assembly line describes this factor of

 production.

12. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Deciding whether to use one additional unit of some good.

13. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The degree to which resources are being used efficiently.

14. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A point of underutilization would be plotted to the \_\_\_\_\_\_\_ of the

 production possibilities frontier.

15. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Knowledge and skill gained on the job that is used to make goods and services.

16. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ If an economy grows, the production possibilities frontier will shift to the \_\_\_\_\_\_\_\_\_.

17. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A reward that is offered to persuade people to take certain economic actions.

18. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A person who buys or uses goods and services.

19. ­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A line that shows the ways an economy can maximize its output

20. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Using fewer resources than an economy is capable of using

21. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ In the example of “guns or butter,” the trade-off for producing

more butter is \_\_\_\_\_\_\_.

22. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ In the example of “guns or butter,” the trade-off for producing

more guns is \_\_\_\_\_\_\_.

23. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A cost that remains the same no matter how many goods are produced.

24. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The payment for the service of one unit of labor.

25. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fixed costs plus variable costs.

26. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A person who makes goods and services.

27. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The extra cost of producing one more unit of a good.

28. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The expenses that change with the number of goods produced.

29. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ When using the cost benefit analysis, you want your benefits to be

\_\_\_\_\_\_ than your costs.

30. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Actions one person performs for another.

31. What are the 4 Basic Economic Questions??? (Remember why we even have to answer these 4 questions/ the goal of economics!!!!)

32. What are the 5 basic characteristics of a market economy?

Specialization Division of Labor Assembly Line

Robotics Inventions Innovation

Automation Blue-collar worker White-collar worker

Capital goods consumer goods Law of Diminishing Marginal Returns

Market Free Market Economy Profit

Adam Smith Capitalism Invisible Hand

Laissez-faire economics Consumer Sovereignty Competition

Households Firms Factor Market

Product Market

33. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ improving a good or service

34. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods or raw materials used to make finished products

35. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the amount of money left over after all the costs of production have been paid

36. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ an economic system in which private citizens own and use the factors of production in order to seek a profit

37. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ machines control production

38. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the breaking down of a job into separate, smaller tasks, which are performed by different workers

39. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods bought in the market and not used in the production of other goods

40. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ competition is allowed to flourish with a minimum of government interference

41. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ new goods and services

42. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ father of economics and author of *The Wealth of Nations*

43. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ takes place when people, businesses, regions, and even countries concentrate on goods and services that they can produce better than anyone else

44. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a level of production in which the marginal product of labor decreases as the number of workers increases

45. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ machines perform physical tasks

46. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ working class employee who performs manual or unskilled labor

47. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ guides the nation’s resources to their most productive use and helps the market to self-regulate itself

48. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a manufacturing process in which interchangeable parts are added to a product to create an end product

49. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ places where the prices of goods and services are determined as exchange takes place

50. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ perform tasks that require less physical labor/skilled workers

51. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ “to let alone”, the government should not interfere in the market place

52. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the idea that the consumer is the king or ruler of an economy and determines what products will be produced

53. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the struggle between buyers and sellers to get the best products at the lowest prices, keeps cost of production low and quality high

54. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a free market economy, these own the factors of production and are the consumers of goods and services

55. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ an organization that uses resources to produce a product which it sells, changes factors of production into products

56. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ firms purchase the factors of production from households in the \_\_\_\_\_\_\_ market

57. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods and services produced by firms are purchased by households in the \_\_\_\_\_\_\_\_ market.