

Name: _____

Unit 1-3 Review

1. What's the difference between scarcity and shortage?
2. Explain trade-offs and opportunity cost:
3. Draw and label a PPG for tables and chairs
4. Explain opportunity cost using the PPG. (Draw the curve and show what happens when you decide to increase production of chairs)

5. Factors of Production = _____

Factor of Production	Definition	Example

6. Economic Questions

Question –			
Explanation			

7. Explain factor payments. What are the 3 factor payments.

8. Economic Systems

System				
How it answers the Economic Questions				
Example				

9. Draw a circular flow diagram for a Free Market.

10. Markets

Market	Factor Market	Product Market
What's being bought and sold?		
Who is the buyer?		
Who is the seller?		

11. Identify and explain 5 Economics goals

Goal:					
Explanation:					
Which Markets would find this important?					

12. Explain *Laissez Faire*. What motivates people in the Free Market? What regulates the Market?

13. What is the purpose of public disclosure laws?

14. What is the role of government in free enterprise system?

15. What is the downside of regulation?

16. Explain the role of Interest Groups.

17. What is a market failure? What is the result?

18. Give an example of 3 public goods. How do you determine if something is a public or private good?

19. What are free riders?

20. Externalities

Define Externalities	Example of Positive?	Example of Negative?

21. Welfare

Type of Gov't Aid		
What it is		
2 Examples		

22. Explain GDP. What does GDP show us?

23. Why is technological growth important?

24. What are some things government does to promote technological growth?

Health Care Costs

As a percentage of our gross domestic product, the U.S has the most expensive health-care system in the world. Medical-insurance premiums in the private sector have been increasing far faster than the pace of general inflation. They are projected to double between 2003 and 2012 to \$3.1 trillion or 17.7% of the nation's GDP. Such increases are unsustainable and are a prescription for an economic and public-health disaster. As costs increase, payors - whether the government employers - shift more financial responsibility to individuals in the form of diminished benefits or increasing co-payments and deductibles.

1. How much money is it estimated that the U.S. paid in health care cost in 2012?
2. Who is being affected by the increased cost and in what way?