**Chapter 1 – What is Economics?**

**Test Review Sheet**

***Directions***: Define, answer, or identify each of the following items on a **separate sheet of paper in your own writing. You will submit this for a grade on the day of your test.**

1. Define the following terms: economics, consumer good, capital good, service, shortage, and utility.
2. What is TINSTAAFL?
3. What are the 4 factors of production? Provide examples of each.
4. What is human capital?
5. What is a production possibilities curve/frontier? Be able to analyze a production possibilities curve/frontier – describe attainable, underutilization, efficiency, scarcity, opportunity cost.
6. What are some things that can cause the production possibilities curve to shift outward (right)?
7. What does it mean if the PPF shifts out? What does it mean if it shifts inward (left)?
8. What is scarcity? What causes scarcity?
9. What are trade-offs? Opportunity cost?
10. What is an entrepreneur? How does society benefit from their successes?
11. What is the difference between needs and wants?
12. What does marginal mean?
13. How does “thinking on the margin” help the decision making process?

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