Study Guide - Chapter 1  Introduction

1. Decision, decision, decision
Why do we have to make choices?…because what we have is limited.

2. Economics is the study of ________________
   Resources – refers to ___________
   Land – refers to ___________
   Labor – refers to ___________
   Capital – refers to ___________

Scarcity – Since people’s needs and wants are unlimited but resources are limited, scarcity exists anywhere in the world.

3. Three basic economic questions –
   a. what _______________
   b. how _______________
   c. who _______________

4. Economic Systems
   a. Command economy –
   b. Market economy –
   c. Mixed economy –
   d. Transition economy –

5. Opportunity cost –

6. Macroeconomics –
   Microeconomics –

7. Economist’s method of study
   Stage 1.
   Stage 2.
   Stage 3.

8. Positive economics
   Normative economics