STUDY GUIDE – LOCAL & GLOBAL ECONOMICS

The study of how people try to satisfy their unlimited wants with limited resources.

The benefit (or benefits) that is given up when making an economic decision.

The amount of a product or service that **producers** are willing and able to **supply** at different prices.

Any tools, buildings, or machines used to produce goods and services.

How do the laws of supply and demand determine market price?

The factor of production which includes the time and energy needed to produce a good or service, for example the actual work which goes into the making of a hamburger at McDonalds.

Choices are most strongly influenced by the profit motive in which type of economy?

The fact that resources are always limited compared to the number and variety of wants people have.

The price at which buyers and sellers agree to trade (which is the point where the demand and supply curves meet).

Physical products that are produced to satisfy wants, like a candy bar or an ice cream cone.

What protects the consumers and keeps everything in balance within a free market system?

The reason why people purchase goods & services (which means "to have use").

In a command (centrally planned) economy, by who are economic decisions made?

The act of purchasing or using a good or a service.

In a free market system, the fact that consumers represent the most powerful force in the economy.

According to the law of demand, when the price of a good goes up, what will happen to the demand for that item?

The process of making goods and services available to the people who want them.

Basically all economies of the world today are which type?

Because of the "law of demand," a demand curve ***always*** has which type of slope?

Coca-cola to Pepsi, hamburgers to hotdogs, & coffee to tea are all examples of which type of goods?

Things that people desire to be performed for them, such as a haircut or automobile repair.

Tires to cars, coffee to sugar & french fries to ketchup examples of which types of goods?

Which determinant of demand explains why there would not be a high demand for shirts that look ugly to most consumers?

Which determinant of demand explains why Wal-Mart would most likely NOT open a new store in the middle of RURAL New Kent County?

If a producer decides to sell an item **ABOVE** market price, he or she will be left with this (which is also known as "excess supply").

If a producer decides to sell an item **BELOW** market price, he or she will create this (which is also known as "excess demand").

Name THREE price ELASTIC items.   Name THREE price INELASTIC items.

Which factors help predict whether items are going to be price elastic or price inelastic?