

# Note Taking Worksheet Unit 1

## Scarcity and Choice

**What is the Economic Problem:**

**What is Economics:**

**Microeconomics**

**Macroeconomics**

**Effectiveness vs Efficiency:**

**Scarcity:**

**The Four Economic Resources (Factors of Production)**

**1.**

**2.**

**3.**

**4.**

**Positive (Analytical) Economics**

**Descriptive Statements**

**Conditional Statements**

**Normative (Policy) Economics**

**Basic Fallacies, Laws and Theories of Economics**

**The Fallacy of Composition**

example:

**The Post Hoc Fallacy**

example

**The Fallacy of Single Causation**

example:

## Economic Laws Affecting Production

### The Production Possibilities Curve:

the three assumptions of the model:

- 1.
- 2.
- 3.

consumer goods:

capital goods:

The Law of Increasing Relative Cost

The Law of Diminishing Returns

The Law of Increasing Returns to Scale

## Economic Thought and Decision Making

A. 3 basic Economic Questions:

- 1.
- 2.
- 3.

**B. Productive Resources (factors of production):**

*Tangible*

- 1.
- 2.
- 3.

real vs money capital:

productivity:

*Intangible*

- 1.
- 2.
- 3.

**The three basic economic questions**

- 1.
- 2.
- 3.

**The three decision making models that have evolved to address the 3 questions:**

- 1.
- 2.
- 3.

**The 8 Basic Economic Goals of Governments:**

- 1
- 2

3

4

5

6

7

8

## Supply and Demand

**Market (Define):**

- 1.
- 2.
- 3.
- 4.

**Who determines the price for goods and services in a market?**

**Demand:**

**The Law of Demand:**

**Supply:**

**The Law of Supply:**

**Create a diagram of a simple supply and demand chart, label equilibrium point and equilibrium point, surplus and shortages**

**Factors that cause Changes in Demand:**

- 1.
- 2.
- 3.
- 4.
- 5.

**Factors that cause Changes in Supply:**

- 1.
- 2.
- 3.
- 4.
- 5.

**The Price Elasticity of Demand:**

**Elastic Demand:**

**graph:**

**Inelastic Demand:**

**graph:**

