**Chapter 1**

Need

Want

Goods

Services

Scarcity

Economics

Shortage

Entrepreneur

Factors of production

Land

Labor

Capital

Physical Capital

Human Capital

Trade-off

Opportunity Cost

Thinking at the margin

Cost/benefit analysis

Marginal Cost

Marginal Benefit

**Chapter 2**

Safety net

Standard of living

Specialization

Self-interest

Competition

Invisible hand (Adam Smith)

Communism

Socialism

Laissez Faire

Private Property

Privatization

**Chapter 4**

Law of Demand

Substitution Effect

Market Demand Schedule

Normal Good

Inferior Good

Demographics

Complements

Substitutes

Total Revenue

**Chapter 5**

Law of Supply

Variable

Market supply schedule

Elasticity of Supply

Marginal Product of Labor

Increasing Marginal Returns

Diminishing Marginal Returns

Operating Cost

Subsidy

Excise Tax

Regulation

**Chapter 6**

Equilibrium

Disequilibrium

Shortage

Surplus

Price Ceiling

Price Floor

Fad

Rationing

**Chapter 7**

Perfect Competition

Monopolistic Competition

Oligopoly

Monopoly

Barriers to Entry

**Chapter 12**

GDP  
Intermediate Good

Durable Goods

Nondurable Goods

Nominal GDP

Real GDP

GNP

Depreciation

Leading Indicators

Capital Deepening

Real GDP per Capita

**Chapter 17**

Export

Import

Absolute Advantage

Comparative Advantage

**Complete the following questions/statements.**

1. Create a production possibilities chart and curve.
2. Define public good and private good. Using the new bridge to Canada, list all of the positive and negative externalities.
3. Draw, label, and explain a supply and demand schedule/curve. Show change on the schedule and curve.
4. What is the formula for calculating elasticity? Using the numbers, calculate the elasticity using a supply/demand curve.
5. Draw the chart comparing market structures (start-up costs, barriers to entry, etc.). Be sure to explain perfect competition, monopolistic competition, oligopoly, and monopoly.
6. Explain why final goods and services are included in the calculation of GDP and intermediate goods are not.
7. What is absolute and comparative advantage? How does specializing help a country’s trade?