

Basic Economic Principles

Matching:

Opportunity Loss

Barter

Economics

PPF

Opportunity Cost

Trade

1. _____ – the study of how people satisfy unlimited wants with limited resources.
2. _____ – the cost of anything is what you give up to get it
3. _____ – if you choose one thing, then you are losing the other
4. _____ – buying and selling of goods between two parties, with compensation paid by the buyer to the seller
5. _____ - the exchanging of goods between two parties without any money involved
6. _____ – a graphical representation of maximum possibilities for two goods

3 Economic Goals

- _____
- _____
- _____

Principle 1: All economic decisions are based on a choice (trade-offs).

- Wants are _____ but resources are _____.
- You can't always get what you want because resources are _____.

Principle 2: Opportunity Cost

- The Cost of anything is what you _____ to get it.
- It's also called Opportunity _____ because if you are choosing one thing, then you are losing the other.

Principle 3: Individuals engage in Marginal Analysis

- We review every choice just a little bit more or less, weighing the pros and cons
 - (Marginal _____ and Marginal _____)
- When the cost _____ the benefits we tend to change our behavior.

Principle 4: Incentives are powerful motivators

- Both Producers and Consumers respond to _____

What does PPF stand for? _____