

**Unit 1 Test Corrections/Relearning/Enrichment**  
*Economics*

Name: \_\_\_\_\_ Hr: \_\_\_\_\_  
\* DUE \_\_\_\_\_

**Instructions:** You must complete the following relearning/enrichment assignment to receive any additional credit on your test. Use the class textbook, notes, study guide and assignments from the unit to help complete this assignment. You can find most of those resources located at the class website.

1. **Understand concept of scarcity:** In the second column, create a symbol or simple illustration that helps explain that principle. In the third column, write a one-sentence summary of the principle.

Principle	Symbol	One-Sentence Summary
“Scarcity Forces Tradeoffs”		
“Cost versus Benefits”		

2. **Explain tradeoffs and identify opportunity cost when making decisions:** Write a definition AND describe a real life example for each of these terms: *trade-off, opportunity cost*.

3. **Read and interpret a production possibility graph (PPF model):** Create a production possibilities frontier for two goods of your choice. Be sure to label both axes, and points that are possible, efficient, and not possible. Write a one-sentence summary giving an example of opportunity cost in your PPF.

4. **What is Capitalism/Free enterprise/market economy?**

Adam Smith – What did he believe about private property and self-interest

5. **What is Socialism/Communism?**

Karl Marx – What did he believe about Public property and equality?

6. **Factors of Production:** List 2 goods that you see in your classroom and 2 services that exist in your school. Give an example of a land, labor, and capital resource that was used to produce each.

	Land	Labor	Capital
Good:			
Good:			
Service:			
Service:			

Why are the goods and services listed above scarce?

7. **Economic systems and questions:** For each of the three fundamental economic questions, explain why it is important for society to answer that question. How does each of the three economic systems answer them?

8. **Characteristics of a free enterprise (market) system:** List the five components of the American free enterprise system. Write a sentence explaining each characteristic.

9. **How a market economy works:** Draw the circular flow of market economy and provide a 2-3 sentence summary of how it works