

## **Economic Basics Study Guide**

1. Why is scarcity such an important economic concept?
2. What are your opportunity costs for going off campus for lunch?
3. Why does gold cost more than wheat, when wheat is more essential to life?
4. Why would skilled labor be considered the most valuable resource a country could have by many economists?
5. What are the advantages and disadvantages of specialization?
6. What role does the entrepreneur play in a market based economy?
7. In your opinion, how should the three basic economic questions be answered?
8. What is the weakness of a command economy?
9. What is the problem of using economic systems to describe “real” economies?
10. What type of economy is the American economy? Why? Use examples.
11. Do you agree or disagree with the theory of profit motive? Why?
12. What is Laissez-Faire economics?
13. What role does competition play in a market economy?
14. Should we restrain competition in our economy? Defend your response.
15. What is the role of prices in a market economy?
16. Is the price system always an efficient form of regulation? Why or why not?
17. What role do you believe government should play in the economy? Please be specific.
18. Why is the consumer king (or queen) in a market economy?