**Government Test #9 Study Guide**

Key Terms & People **-** Using the glossary and index (both in the back of the textbook), please define the following key terms. Be sure to study this information.

1. Capital
2. Factors of production
3. Adam Smith
4. Karl Marx
5. Entrepreneur
6. Monopoly
7. Command economies
8. Free enterprise system
9. Law of supply and demand
10. Free market
11. Mixed economy

Study Questions – Use your class notes to answer the following questions.

1. Define economics.
2. What is the economic problem?
3. What are the three basic economic questions?
4. What is the key assumption in the study of economics?
5. What are the three factors of production?
6. What are tradeoffs?
7. What is opportunity cost?
8. How does the issue of scarcity relate to the government?
9. Describe the Law of Diminishing Marginal Utility. Give an example.
10. Name two ways competition benefits the consumer.
11. Which factors of productions are used to create a book? Give examples of each.
12. Draw and label the Production Possible Frontier (PPF) graph.
13. What do economists use this graph for?
14. What is the concept behind game theory?
15. Why does game theory matter?
16. How does game theory relate to the government? Cite specific examples.
17. Describe a traditional economy.
18. Describe a command economy.
19. Describe a free market economy.
20. Describe the influence of Adam Smith on the creation of a market economy.
21. What were the positives of putting Smith’s policies into practice during the Industrial Revolution?
22. What were the negatives of putting Smith’s policies into practice during the Industrial Revolution?
23. Describe the mixed economy seen in the U.S. today.

Political Cartoons / Charts – Examine the following political cartoons / charts and answer the accompanying questions. You will be asked to perform similar tasks on the test.

p. 609 – Analyze Information

p. 613 – Analyze Information

p. 615 – Analyze Charts

p. 617 – Analyze Charts