

# Quiz Show Game



◆ Which term means “making decisions based on what you believe to be the best combination of costs and benefits?”



✦ Which term means “making decisions based on what you believe to be the best combination of costs and benefits?”

✦ Economizing



◆ In the US, what 2 groups of people decide what goods and services to produce?



◆ In the US, what 2 groups of people decide what goods and services to produce?

◆ Producers and consumers



◆ The satisfaction received from using a good or service is called....



◆ The satisfaction received from using a good or service is called....

◆ Utility



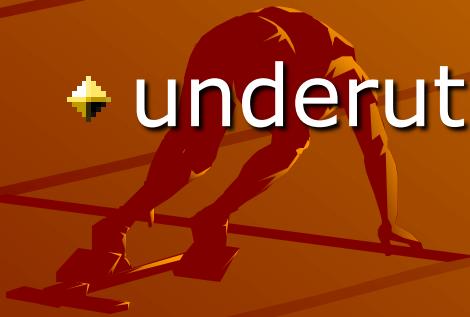
◆ Producing fewer guns and butter than an economy is capable of is called.....





◆ Producing fewer guns and butter than an economy is capable of is called.....

◆ underutilization



◆ Studying the general rise of prices in an economy would be done by a microeconomist or a macroeconomist?



◆ Studying the general rise of prices in an economy would be done by a microeconomist or a *macroeconomist*?



◆ “Unlimited and everchanging”  
describes what?



◆ “Unlimited and everchanging”  
describes what?

◆ Wants



◆ Give an example of capital.



◆ Give an example of capital.

◆ Machinery, tools, warehouse, factory



◆ Benefits offered to encourage people to act in certain ways are...





◆ Benefits offered to encourage people to act in certain ways are...

◆ Incentives



◆ The value of what you give up by choosing one alternative over another is called.....



◆ The value of what you give up by choosing one alternative over another is called.....

◆ Opportunity cost



◆ PPC stands for....



◆ PPC stands for....

◆ Production possibilities curve



◆ What 2 things are fixed with regard to the assumptions we make about a PPC?



◆ What 2 things are fixed with regard to the assumptions we make about a PPC?

◆ Resources and technology



◆ What economy involves making economic choices based on customs handed down from previous generations?





◆ What economy involves making economic choices based on customs?

◆ Traditional



✦ What economic system involved government making most of the economic decisions? (One of the big three)



✦ What economic system involves government making most of the economic decisions? (One of the big three)

✦ Command



◆ The economy attempts to provide for everyone is a characteristic of what type of economy?



◆ The economy attempts to provide for everyone is a characteristic of what type of economy?

◆ Command (or traditional)



◆ The process of changing from private to government ownership is called...



◆ The process of changing from private to government ownership is called...

◆ Nationalization



◆ What did Milton Friedman believe the role of the government should be in the economy?





◆ What did Milton Friedman believe the role of the government should be in the economy?

◆ Control the money supply and leave everything else alone



◆ In the circular flow model, what are the two markets in which households and businesses meet?



# ◆ Product market and factor market



◆ An externality is a side effect of a transaction that affects whom?



◆ An externality is a side effect of a transaction that affects whom?

◆ Someone other than the buyer or seller



◆ A person who does not pay for a service but benefits from it is called....



◆ A person who does not pay for a service but benefits from it is called....

◆ Free rider



✦ What are public goods funded by?





◆ What are public goods funded by?

◆ Taxes



◆ Give an example of a positive externality.



A person in a starting block on a track, positioned in the lower-left quadrant of the slide. The person is in a crouched starting position, ready to begin a race. The background is a warm orange gradient with curved lines.

◆ Give an example of a positive externality.

◆ Inoculations, education, my neighbor taking care of his yard, a field next to a honey farm

◆ Give an example of a negative externality.



◆ Give an example of a negative externality.

◆ Pollution, secondhand smoke, littering



◆ What is the producer's goal in the marketplace?



◆ What is the producer's goal in the marketplace?

◆ Maximize profit



◆ Government paying a healthcare facility so that they can provide vaccines for free is an example of what?





◆ Government paying a healthcare facility so that they can provide vaccines for free is an example of what?

◆ Subsidy



✦ What law gives the PPC its bowed-out shape?



◆ What law gives the PPC its bowed-out shape?

◆ Law of increasing opportunity costs



◆ How are negative externalities discouraged?



◆ How are negative externalities discouraged?

◆ taxes



◆ How are positive externalities encouraged?



◆ How are positive externalities encouraged?

◆ subsidies



# Question 1

◆ What 3 economic questions need to be answered?





# Answer 1

- ◆ What to produce
- ◆ How to produce it
- ◆ For whom should it be produced



# Question 2

✦ What is the basic economic problem?



# Answer 2

◆ Scarcity



# Question 9

✦ What is TANSTAAFL?



# Answer 9

- ◆ There's no such thing as a free lunch.
- ◆ Every choice involves giving something else up.



# Question 12

- ◆ Note the PPC on the board. Name the point at which the economy is producing all guns and no butter. Is this level of production efficient?



# Answer 12

- ◆ Point D

- ◆ Yes, this point is efficient



# Question 13

- ◆ Suppose the population of the country's dairy cows increases. How would the PPC shift?





# Answer 13

🏆 Pink



# Question 14

- ◆ At which point is this economy not fully using all of its resources?



# Answer 14

✦ C



# Question 15

- ◆ A population increase due to better medical care occurs. How will the PPC shift?

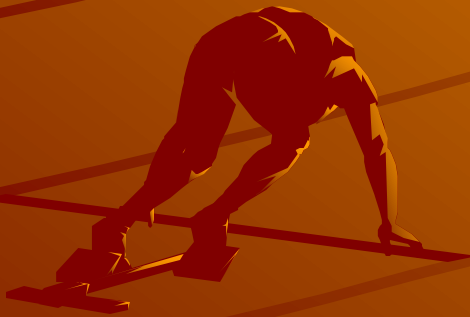


# Answer 15

🏆 Blue



◆ Name all of the efficient points on the PPC.



🏆 D, B, F, E



# Question 16

✦ “We should have nationalized healthcare in this country.” Is this a positive or normative statement?





# Answer 16

◆ Normative



# Question 22

✦ What does the phrase “laissez-faire” mean?



# Answer 22

◆ Hands off, leave things alone



# Question 24

✦ What is consumer sovereignty?



# Answer 24

- ◆ The consumer reigns supreme, the consumer has the ultimate power in a market economy.



# Question 27

◆ Changing from public ownership to private ownership is called....



# Answer 27

◆ Privatization



# Question 36

- ◆ Payments made to a group of people by collecting from society in general is called.....
- ◆ Hint: social security, unemployment are examples





# Answer 36

◆ Public transfer payments



What is the opportunity cost of producing the first unit of cheese?

Cheese	Milk
0	20
1	18
2	14
3	9
4	3



What is the opportunity cost of producing the first unit of cheese? 2 units of milk

Cheese	Milk
0	20
1	18
2	14
3	9
4	3



What is the opportunity cost of producing the 3rd unit of cheese?

Cheese	Milk
0	20
1	18
2	14
3	9
4	3



What is the opportunity cost of producing the 3rd unit of cheese? 5 units of milk

Cheese	Milk
0	20
1	18
2	14
3	9
4	3



What type of opportunity cost does this PPC illustrate?

Cheese	Milk
0	20
1	18
2	14
3	9
4	3



What type of opportunity cost does this PPC illustrate?  
Increasing Opportunity Costs

Cheese	Milk
0	20
1	18
2	14
3	9
4	3

