

Chapter 1 Matching Vocabulary

- | | |
|---|------------------------------|
| 1. A state of the economy in which production is in accordance with consumer preferences; in particular, every good or service is produced up to the point where the last unit provides a marginal benefit to society equal to the marginal cost of producing it. | A. Macroeconomics |
| 2. An economy in which the government decides how economic resources will be allocated. | B. Economic Model |
| 3. A simplified version of reality used to analyze real-world economic situations. | C. Centrally Planned Economy |
| 4. Something measurable that can have different values, such as the number of people employed in manufacturing. | D. Opportunity Cost |
| 5. The study of the choices people make to attain their goals, given their scarce resources. | E. Normative Analysis |
| 6. The fair distribution of economic benefits. | F. Economics |
| 7. The study of the economy as a whole, including topics such as inflation, unemployment, and economic growth. | G. Positive analysis |
| 8. Analysis that involves comparing marginal benefits and marginal costs. | H. Market Economy |
| 9. A group of buyers and sellers of a good or service and the institution or arrangement by which they come together to trade. | I. Market |
| 10. An economy in which the decisions of households and firms interacting in markets allocate economic resources. | J. Economic Variable |
| 11. The study of how households and firms make choices, how they interact in markets, and how the government attempts to influence their choices. | K. Marginal Analysis |
| 12. An economy in which most economic decisions result from the interaction of buyers and sellers in markets but in which the government plays a significant role in the allocation of resources. | L. Mixed Economy |
| 13. Analysis concerned with what ought to be. | M. Equity |
| 14. The high-valued alternative that must be given up to engage in an activity. | N. Allocative Efficiency |

15. Analysis concerned with what is.

O. Microeconomics