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| **AP Microeconomics**  Mrs. Shackett  Do You Think Like an Economist? | Name |

**Economics Cheat Sheet**

1. **Everything has a cost.**
2. **People choose for good reasons.**
3. **Incentives matter.**
4. **People create economic systems to influence choices and incentives.**
5. **People gain from voluntary trade.**
6. **Economic thinking is marginal thinking.**
7. **The value of a good or service is affected by people’s choices.**
8. **Economic actions create secondary effects.**
9. **The test of a theory is its ability to predict correctly.**
10. Because it is desirable, sunshine is scarce.
11. Because it is limited, polio is scarce.
12. Because water covers three-fourths of the earth’s surface and is renewable, it cannot be considered scarce.
13. The main cost of going to college is tuition, room, and board.
14. If mass transportation fares are raised, almost everyone will take the trains anyway.
15. You get what you pay for.
16. If someone makes an economic gain, someone else loses.
17. If one nation produces everything better than another nation, there is no economic reason for these two nations to trade.
18. A nonregulated monopoly tends to charge the highest possible price.
19. A business owner’s decision to show more care for consumers is a decision to accept lower levels of profits.