Economics Review 1

**Brainpop Money**

1. What was used before money? Bartering

2. What is bartering? Trading something you have for something you need.

3. Why did people switch from using bartering to using currency? They needed something more universal. Bartering only worked if you had something for trade that someone else wanted.

4. What were some items used for early currency? Shell and beads necklaces, salt, feathers, seeds, etc.

5. What was the problem with the early forms of currency? There were not reliable because they were easily broken, would blow away, or were susceptible to moisture.

6. Why did money come about? We needed a small durable form of currency.

7. What two types of things do we use money to pay for? Goods and services

**Brainpop Banking**

8. What is a bank? A storage place for people’s money

9. What protects the money you put into a bank? FDIC or Federal Deposit Insurance Corporation

10. What is a benefit to keeping money in the bank? You can gain interest on your money.

11. What is interest? A small percentage based on the amount you have in the bank that the bank gives you in exchange for putting your money in their bank.

12. What are the two main types of banking accounts? Checking and savings.

13. What is the difference between checking and savings? Checking is the account used for paying for day-to-day goods and services. Savings accounts are used to hold money for longer periods and usually have a higher interest rate of return.

14. In what ways do banks benefit businesses? The can loan them money to start up or for operational expenses.

**Brainpop Game Theory**

15. Who are the two individuals that used game theory to study economics? Robert Aumann and Thomas Schelling

16. How is game theory applied to economics? It helps to predict the behavior of others, come up with effective strategies and help people to negotiate.

17. What are the two branches of Game Theory? Cooperative and non-cooperative

18. What is a zero-sum game? A game where some has to win and someone has to lose.

**Brainpop Supply and Demand**

19. What does Supply and Demand determine? How much we pay for something

20. What is supply? How much there is of something.

21. What is demand? How much people want a given service or product

22. What happens when the supply and demand points meet on a supply and demand chart? The supply of a product and the demand for that product are equal.

23. When are products cheaper? When there is a good supply of a product with low demand.

24. When are products more expensive? When there is a low supply of a product and a high demand for it.

**Brainpop Assembly Line**

25. What is an assembly line factory? A factory where products are mass produced by putting things together in a step-wise fashion rather than just making them one at a time.

26. What is the benefit of the assembly line? Products are cheaper to make and all are exactly the same.

**Brainpop Adam Smith**

27. What book was written by Adam Smith? The Wealth of Nations

28. What is economics? The study of how people produce, buy, and sell goods and services.

29. Adam Smith believed that the more individual liberty you had then the better social harmony you will have.

30. What are imports? Products purchased from other countries.

31. What are exports? Products purchased by other countries.

32. What is mercantilism? When a country supports their own country’s industry and not that of other country.

33. What did Adam Smith propose builds wealth rather than a zero-sum approach like mercantilism? That wealth came from labor or productivity rather than accumulation of gold or silver.

34. What three strategies did Adam Smith propose in regard to economics? 1) Let people pursue their own goals or self-interests. 2) Division of labor. 3) Free Trade

35. What did Adam Smith call this pursuit of self-interests? the invisible hand of the free market.

36. What is division of Labor? Breaking big tasks down into smaller ones to improve efficiency.

37. What is meant by Free Trade of the Free Market? Letting business work without interference from the government.

38. What type of economy did Adam Smith help to create? Capitalism

**Brainpop Gas and Oil**

39. Why is it important to talk about oil and gas when talking about economics? Because oil is used to make many products including the gas which is used to transport goods and services.

**Brainpop Communism**

40. What is communism? A system of government where the government owns everything and everyone gets paid the same. It is the opposite of capitalism.