

## ECONOMICS FINAL REVIEW

### STANDARD 1: FUNDAMENTAL ECONOMIC CONCEPTS

1. What is **Microeconomics**? What is **Macroeconomics**?
2. What are the **three basic economic questions**?
3. Define the four **factors of production**: (**Land, Labor, Capital, Entrepreneurship**)
4. What is **opportunity cost**?
5. How are opportunity cost and **tradeoffs** related?
6. What is **scarcity**?
7. What does the **production possibilities frontier** represent?
8. What is **principal and interest**?
9. What is a **shareholder**?
10. What is a **nonprofit organization**?
11. What are **Sole Proprietorship, Corporation, and Partnership**? Who makes the profit? What are advantages & disadvantages?
12. What does the **Securities and Exchange Commission (SEC)** do?
13. What is a **vertical merger**? What is a **horizontal merger**?
14. What is a **conglomerate**?
15. What is a **Traditional, Command, and Market** economy? What are their strengths & weaknesses?
16. What is a **mixed economy**?
17. Describe the **circular flow of income**?

### STANDARD 2: PRINCIPLES OF MICROECONOMICS

1. What is the **demand curve**? (Direction of its slope)
2. What is **diminishing marginal utility**?
3. What are **complements**? Give examples. What happens to demand for a product when its complement changes in price?
4. What are **substitutes**? Give examples. What happens to demand for a product when its substitute changes in price?
5. What is a **change in quantity demanded**? What happens to demand curve when there is a change in *quantity* demanded?
6. What is a **change in demand**? What happens to the demand curve?
7. What is the **Law of Demand**? Relationship between *price* and *quantity* demanded.
8. What is the **supply curve**? (Direction of its slope)
9. What is the **Law of Supply**? Relationship between *price* and *quantity* supplied.
10. What is a **change in quantity supplied**? What happens to supply curve when there is a change in *quantity* supplied?
11. What is a **change in supply**? What happens to the supply curve?
12. What is a **surplus**? What happens to prices when there is a surplus?
13. What is a **shortage**? What happens to prices when there is a shortage?
14. What is market **equilibrium**? What happens if there is an increase in demand? What happens if there is a decrease in demand? What happens if there is an increase in supply? What happens if there is a decrease in supply?
15. What is **pure (perfect) competition**?
16. What is **imperfect competition**? What are the three categories of imperfect competition?
17. What is a **monopoly**?
18. What is an **oligopoly**?
19. What is **monopolistic competition**?
20. What is a **natural monopoly**? Example.
21. What is a **technological monopoly**? Example.
22. What is a **geographic monopoly**? Example.
23. What is a **government monopoly**? Example.
24. What is the **Sherman Anti-Trust Act**?
25. What is the **Clayton Act**?
26. What are the **categories of labor**?
27. What type of worker commonly joins **labor unions**?
28. What is negotiated in **collective bargaining**?

### STANDARD 3: PRINCIPLES OF MACROECONOMICS

1. What are the **top three federal expenditures**?
2. What are the **three biggest sources of revenue for the federal government**?
3. What is a **progressive tax**? What is a **proportional tax**? What is a **regressive tax**? Give examples.
4. What is the **Federal Reserve System (The Fed)**?
5. What are banks required to do?
6. What is an **easy money policy**? How does the Fed increase the money supply?
7. What is a **tight money policy**? How does the Fed decrease the money supply?
8. What is the **goal of monetary policy**?
9. What are **reserve requirements**?
10. What is the **discount rate**?
11. What are **open market operations**?
12. What is **creeping inflation, galloping inflation, and hyperinflation**?
13. What is **demand pull inflation**?
14. What is **cost-push inflation**?
15. What are the **consequences of inflation**?
16. Know phases and points of **business cycles**: (**peak, trough, recession, expansion**)
17. What is **unemployment**?
18. What are fiscal policies to fight unemployment?
19. What does the Fed (Monetary Policy) do to fight unemployment?

### STANDARD 4: INTERNATIONAL ECONOMIC CONCEPTS

1. What is an **import**? What is an **export**?
2. What is a **trade surplus**? What is a **trade deficit**?
3. What is a **comparative advantage**? What is an **absolute advantage**?
4. What is **NAFTA (North American Free Trade Agreement)**?
5. What is a **tariff**?
6. What is a **quota**? What are the *consequences* of **high tariffs and low quotas**? What are the *consequences* of **low tariffs and high quotas**?
7. What is the difference between a **revenue tariff** and a **protective tariff**?
8. What is a **protectionist**? What type of tariffs and quotas does a protectionist favor? Who do they want to help?
9. What is a **free trader**? What type of tariffs and quotas does a free trader favor? Who do they want to help?