Economics Exam Overview of Topic

2016-2017

Test Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Below is a list of general unit concepts that will be covered on the final exam. Additional resources will be provided that will help you prepare for the semester assessment.

**Economics is Decision-Making:**

* Understand the process and components of making an economic decision
* Scarcity and its impact on economic decision-making

**Fundamentals of Economics:**

* Factors of production
* Types of business structures (sole proprietorship, partnership, corporation)
* Production possibilities curve
* Circular flow model

**Microeconomics:**

* The difference between supply and demand
* Reading and understanding the components of a supply and demand curve
* What affects supply and demand?
* Equilibrium in the market

**Macroeconomics:**

* The Gross Domestic Product and its components
* What are economic indicators and what is the connection to the GDP?

**Economic Challenges:**

* Inflation and Deflation
* The types of unemployment and their impact on the economy (cyclical, seasonal, structural, frictional)

**Economic Systems:**

* Command, Market, and Mixed
* Examples

**Role of Government:**

* Forms of government and economic systems and their approach to the economy (democracy, monarchy, theocracy, authoritarian, oligarchy, capitalism, communism, traditional, mixed, command)
* Taxes and government spending – Why are taxes necessary?, Where do they come from, What types of taxes exist?, Where does the government direct the money collected?
* Deficit, debt and the impact on the nation

**International Trade:**

* The conditions that allow trade to exist between nations
* Specialization of production and the relationship to trade

Economics Key Terms and Comprehension Questions

Final Exam - 2016-2017

Concepts I don’t know or remember

 Concepts I understand in part but need clarification

**1. Economics is Decision-Making:**

 **Concepts to understand**

 Need

 Want

 Goods

 Services

 Opportunity cost

 Scarcity

 Shortage

 Marginal analysis, marginal cost, marginal benefit

* Understand the process and components of making an economic decision
* Scarcity and its impact on economic decision-making

**2. Fundamentals of Economics:**

 **Concepts to understand**

Factors of Production

 Natural Resources

 Capital Resources

 Human Resources

 Sustainability

 Sole proprietorship

 Partnership

 Corporation

* What are the components of the factors of production?
* Explain the characteristics of business structures (sole proprietorship, partnership, corporation).
* Describe the purpose and parts to a production possibilities curve
* What is the purpose of the circular flow model? What is represented in this model?

**3. Microeconomics:**

 **Concepts to understand**

Demand

 Law of Demand

 Quantity demanded

 Determinants of demand

 Equilibrium

 Elasticity

 Supply

 Law of Supply

 Quantity supplied

 Determinants of supply

* Describe what changes demand.
* Be able to reading and understand the components of a supply and demand curve.
* Describe what changes supply.
* When does Equilibrium take place in the market?

**4. Macroeconomics:**

 **Concepts to understand**

Gross Domestic Product

 Economic Indicators (leading/lagging)

 Business cycle

 Trough, recession, expansion

 Intermediate good

* What are the three goals of a national economy?
* What components are used when determining the Gross Domestic Product?
* What are economic indicators and what is the connection to the GDP?

**5. Economic Challenges:**

 **Concepts to understand**

Inflation

 Deflation

 Labor Force

 Cyclical

 Frictional

 Structural

 Seasonal

 Underemployment

 Law of Demand

 Quantity demanded

* Inflation and Deflation
* Why are certain forms of unemployment considered more serious than other forms?
* How do you calculate the unemployment rate?

**6. Economic Systems:**

 **Concepts to understand**

Command Economy

 Mixed Economy

 Market Economy

* How can the political situation in a country impact their economy?

**7. Role of Government:**

 **Concepts to understand**

Types of Government:democracy, monarchy, theocracy, authoritarian, oligarchy

 Economic Systems: capitalism, communism, traditional, mixed, command

 Tax

 Revenue

 Tax base

 Types of Tax: individual income tax, sales tax, property tax, corporate income

Tax

 Proportional tax

 Progressive tax

 Regressive tax

 Social Security

 Medicare/Medicaid

 Mandatory spending

 Discretionary spending

 Budget deficit/surplus

* How does the American Constitution influence economic policy?
* Why does government provide public goods and services?
* Taxes and government spending – Why are taxes necessary?, Where do they come from, What types of taxes exist?, Where does the government direct the money collected?
* Where does the American government spend most of the revenue? Why?
* Deficit, debt and the impact on the nation

**8. International Trade:**

 **Concepts to understand**

Import

 Export

 Trade barrier

 Import quota

 Tariff

* The conditions that allow trade to exist between nations
* What are the benefits of trade?
* Describe specialization of production and the relationship to trade