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