

ECON FINAL STUDY GUIDE (ACCEPTED ON TEST DAY ONLY)

What is economics?

What is utility?

What is opportunity cost?

What is the difference between a want and a need?

Into what four categories do economists divide factors of production?

What does the saying "There is no such thing as a free lunch" mean?

What term explains economics as it is, not as it should be?

What is the basic economic problem?

With voluntary exchange, who benefits?

In a market economy, the real power in the market place is held by the

When a nation's economy privatizes, this means...

The situation where women tend crops and raise children while men hunt is often found in what type of economy?

Government officials deciding the distribution of all resources is a feature of what type of economy?

An economic system in which people have free will to participate in the market as they choose is what type of economy?

In economic terms, laissez faire means

In the marketplace, what is the goal of producers?

What are public goods are funded by...

A person who does not pay for a service but benefits from it is called a...

An externality is a side effect of a transaction that affects...

An example of a **negative** externality is

An example of a **positive** externality is

What two factors are necessary for demand?

What is the law of demand?

An actress sets off a craze for wearing camouflage clothing among her fans. What factor is affecting demand?

Which economic concept is defined as the measure of how responsive consumers are to price change?

What does an inelastic demand curve look like?

What type of products has inelastic demand?

What are complementary goods?

Supply is defined as

The law of supply states that

The ease of changing production to respond to price change determines

_____ price is the price at which the quantity of a product demanded by consumers and the quantity supplied by producers are equal.

Why would suppliers reduce their prices?

What signal do high prices give consumers?

Lower prices generally motivate consumers to do what?

The maximum amount that sellers may charge for a good or service is called a

An increase in supply of a product causes equilibrium price and quantity to do what?

An increase in demand for a product causes equilibrium price and quantity to do what?

A decrease in demand for a product causes equilibrium price and quantity to do what?

A decrease in supply of a product causes equilibrium price and quantity to do what?

Some examples of standardized products include

A market structure in which only one seller sells a product for which there are no close substitutes is called a

A monopoly in which the costs of production are lowest when only one firm provides output is called a

A monopoly that exists because a firm controls an invention is called a

With monopolistic competition there are how many buyers and sellers?

The only gas station within a radius of 200 miles has a

Few sellers and many buyers is characteristic of

The knowledge and skill that enable workers to be productive is called

The lowest rate legally allowed for one hour of work is called

Workers with higher amounts of human capital tend to earn _____ wages.

The primary sector is made up of

The secondary sector is made up of

The tertiary sector is made up of jobs related to

The practice of working in a location other than the traditional office is called

An organization of workers that seeks to improve working conditions is called a(n)

Money whose value is based on the type of material from which it is made is called

The main difficulty of a barter system is finding

What is the setup of the Federal Reserve System?

What is the purpose of the Federal Reserve System? (3)

What are liquid assets?

The percentage of the labor force that is jobless and actively looking for work is called the

The level of employment in which there is no cyclical unemployment is called

Temporary unemployment experienced by people changing jobs is called

When people who do not have the skills necessary for the available jobs look for work, the result is

A recession often causes _____ unemployment.

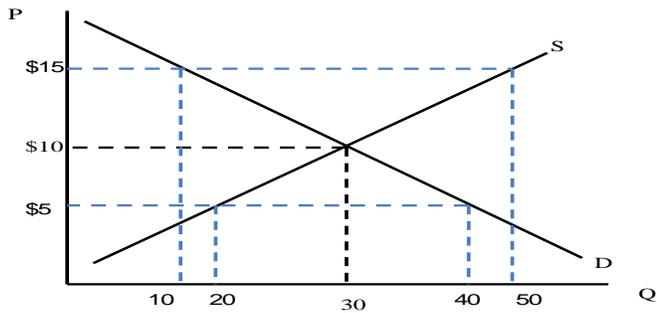
Mary went to dental school but is working as a cashier. Mary is considered to be

In the United States, economists estimate that full employment is an unemployment rate of about

What is the difference between a final good and an intermediate good?

The four factors that explain why wage rates differ are:

How has the workplace changed since the 1950's?



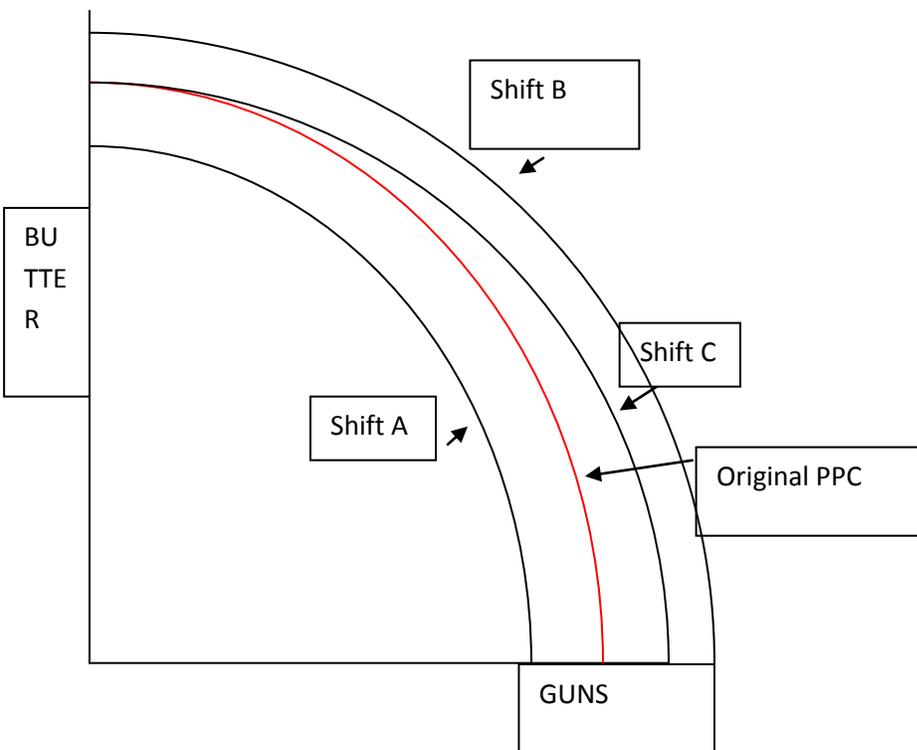
What is total revenue at equilibrium?

If the government imposed a price ceiling, at what price would it be located?

At the price ceiling, what would occur?

What is the situation at a price of \$15?

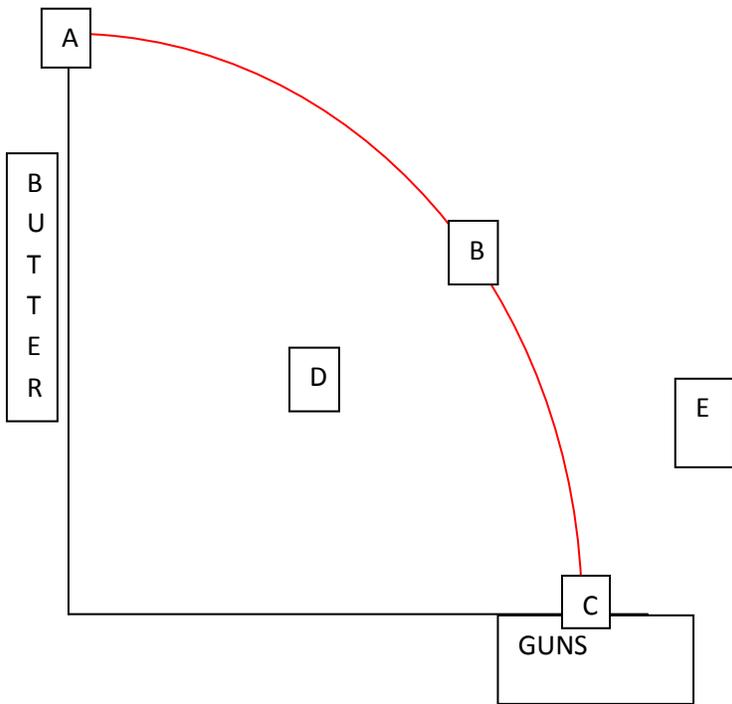
PPC is an acronym for



Suppose there was a change in technology that made it easier to produce guns. What shift would occur?

Suppose this country lost territory in a war. What shift would occur?

Suppose a largely illiterate population now learns to read. What shift would occur?



At which point is the economy producing all guns and no butter?

Which point shows underutilization?

Which point shows an impossible level of production?

Which point shows is efficient and shows a combination of guns and butter being produced?

Assume that an initial savings of \$600 occurs and the reserve ratio is 10%. Calculate the Deposit, Reserve and Loan for each of the 5 next potential transactions.

	Deposit	Reserve	Loan
Loan 1			
Loan 2			
Loan 3			
Loan 4			
Loan 5			
		Total Amount Loaned	

What is the equation for calculating GDP?

Gross domestic product (GDP) adjusted for changes in prices is called

What is meant by investment in the GDP equation?

Compute the GDP for the country described. Also calculate C, I, G and X. Population =100

\$70 Public education

\$10 groceries purchased

\$20 Food and beverages sold to Chili's

\$10 books shipped to Australia

\$20 Increase in inventory of Chrysler cars

\$10 new housing construction

\$50 Roads and police force

\$20 Military protection

\$10 tires sold to Chrysler

\$50 improvements to businesses

\$50 tires sold to consumers

\$10 Toys imported from China

GDP=

G=

C=

X=

I=

GDP per capita=

Who is the chairman of the Fed?

Who is not included in the civilian labor force?

What type of money is issued by the United States government?

An increase in the general price level is called...

A situation in which the demand for goods rises faster than the production of goods is called...

A situation in which an increase in production costs leads to an increase in prices is called...

A tool used to measure of changes in the prices of goods and services purchased by consumers is called...