Final Exam Study Guide

Directions: Review the following concepts and terms to prepare for the Economics Final Exam.

Chapter 1:

- Production Possibilities Frontier
- Economic Interdependence
- Paradox of Value
- Capital Goods
- Trade-Offs
- Opportunity Cost
- How does the study of economics help people?
- Production Possibilities Curve
- 3 Basic Economic Questions
- Fundamental Question of Economics
- Factors of Production
- Division of Labor
- Utility
- Value
- Good
- Service
- Circular Flow
- Scarcity
- Cost Benefit Analysis

Chapter 2:

- Economic System
- Traditional Economy
- Command Economy
- Market Economy
- Socialism
- Consumers
- Modified Free Enterprise
- Entrepreneurs
- Main Economic Goals

Chapter 3:

- Horizontal Merger
- Multinational Corporations

Chapter 4:

- Demand
- Law of Demand
- Demand Schedule
- Change in Quantity Demanded
- Complements
- Change in Demand
- Substitutes
- Elastic Demand
- Unit Elastic Demand
- Inelastic Demand

Chapter 5:

- Supply
- Law of Supply
- Change in Supply
- Change in Quantity Supplied
- Elastic Supply
- Unit Elastic Supply

- Inelastic Supply
- Fixed Costs
- Variable Costs
- Total Costs
- Marginal Cost
- Marginal Revenue
- Profit Maximizing Quantity of Output
- Change in Supply

Chapter 6:
- Price Ceiling
- Price Floor

Chapter 7:
- Perfect Competition

Chapter 8:
- Main source of income

Chapter 9:
- Sales Taxes
- Individual Income Taxes
- Three criteria for effective taxes
- Ability-to-pay Principle
- Social Security/payroll taxes

Chapter 10:
- Budget Deficit

Chapter 11:
- Stock Markets

Chapter 12:
- Gross Domestic Product
- Disposable Personal Income
- Real GDP

Chapter 13:
- Business Cycles
- Peak and Trough
- Recession
- Expansion
- Depression
- Inflation
- Purchasing Power
- Price Index
- Deflation
- Stagflation
- Hyperinflation
- Seasonal Unemployment
- Technological Unemployment
- Cyclical Unemployment

Chapter 14:
- Characteristics of Money
- The Fed

Chapter 15:
- Interest Rates

Chapter 16:
- Comparative Advantage
- Tariffs