**Economics Final Exam Checklist / Outline**

TERMS TO KNOW:

|  |  |
| --- | --- |
| * **OPPORTUNITY COST** * **INCENTIVE** * **EXCLUDABLE PUBLIC GOOD** * **NON-EXCLUDABLE PUBLIC GOOD** * **FREE RIDER** * **CIRCULAR FLOW CHART** * **DEMAND** * **LAW OF DEMAND** * **DEMAND SCHEDULE** * **DEMAND CURVE** * **NORMAL GOOD** * **INFERIOR GOOD** * **NEUTRAL GOOD** * **SUPPLY** * **LAW OF SUPPLY** * **SUPPLY SCHEDULE** * **SUPPLY CURVE** * **SURPLUS** * **SHORTAGE** * **EQUILIBRIUM** * **SOLE PROPRIETORSHIP** * **PARTNERSHIP** * **CORPORATION** * **FRANCHISE** * **PERFECT COMPETITION** * **MONOPOLY** * **MONOPOLISTIC COMPETITION** * **OLIGOPOLY** * **WAGE RATE** * **LABOR UNION** * **ANTI-TRUST LAWS** * **PRICE DISCRIMINATION** | * **EXTERNALITIES** * **MONEY** * **FRACTIONAL RESERVE BANKING** * **FEDERAL RESERVE SYSTEM** * **REQUIRED RESERVES** * **EXCESS RESERVES** * **GROSS DOMESTIC PRODUCT** * **REAL GDP** * **PRICE INDEX** * **INFLATION** * **VELOCITY** * **DEFLATION** * **FRICTIONAL UNEMPLOYMENT** * **STRUCTURAL UNEMPLOYMENT** * **CYCLICAL UNEMPLOYMENT** * **BUSINESS CYCLE** * **REAL ECONOMIC GROWTH PER-CAPITA** * **REAL ECONOMIC GROWTH** * **PRODUCTION POSSIBILITIES FRONTIER** * **EXPANSIONARY MONETARY POLICY** * **CONTRACTIONARY MONETARY POLICY** * **EXPANSIONARY FISCAL POLICY** * **CONTRACTIONARY FISCAL POLICY** * **NATIONAL DEBT** * **BUDGET DEFICIT** * **BUDGET SURPLUS** * **EXPORTS** * **IMPORTS SPECIALIZE** * **COMPARATIVE ADVANTAGE** * **BALANCE OF TRADE** |

CONCEPTS TO KNOW

* The relationship between choice, scarcity, & resources
* The 3 economic questions & how free enterprise & socialist economies answer them
* Difference between public and private property
* The 5 features of free enterprise
* How to draw a circular flow chart including business, household, product market, resource market, & government
* Factors that cause a supply curve to shift
* What happens to price when there’s a surplus or shortage and why
* What supply & demand work together to determine
* How a supply increase/decrease changes price
* How a demand increase/decrease changes price
* Characteristics of different market structures
* How a change in demand changes wages
* How a change in supply changes wages
* What banks do with excess reserves
* How the Fed uses the 3 monetary tools to increase or decrease the money supply
* What GDP omits
* The equation for GDP & what each sector is (household, government, etc.)
* How do economists use Real GDP to compare standards of living around the world
* How does aggregate supply & aggregate demand affect inflation?
* What would cause an economy to be on a point beyond the production possibilities frontier
* How do Discount Rates, Open Market Operations, and Reserve Requirements affect aggregate demand
* How should a country decide what it should specialize in?
* What is a Free Trade Area—what are the advantages & disadvantages of it
* Responsible uses of credit
* Characteristics to get a low interest rate