**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