

Economics Agenda - June 7 / 8

1) Individual work on Final Exam study Guide (blue packet)

- 60 pt final exam (15% of overall grade)

- * Study guide will be collected

- Use previous unit study guides as a resource

- Use study guide checklist

2) Class Review - smartboard

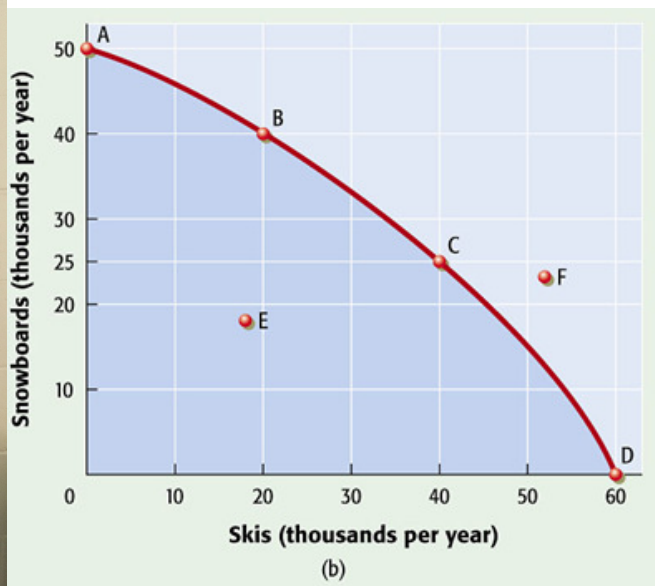
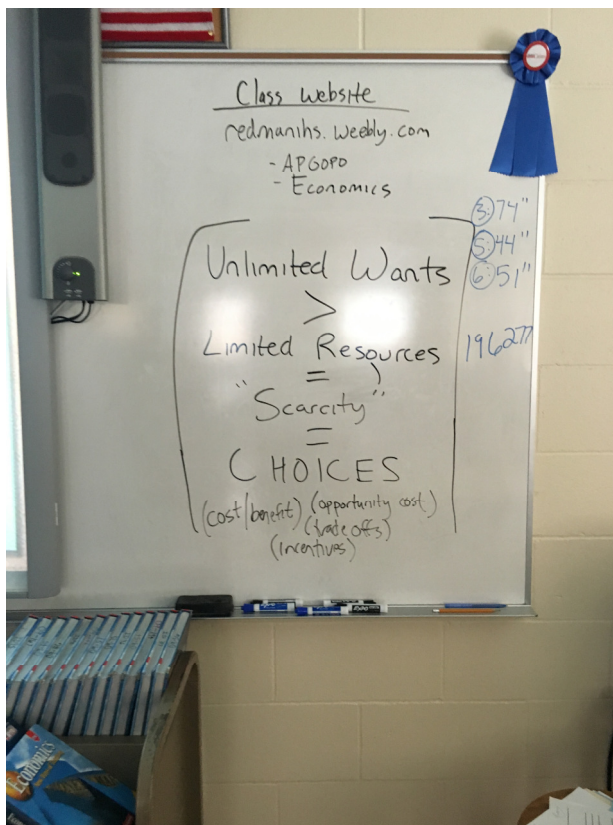
3) Quizlet review for final exam

4) Kahoot review for final exam

*All late work due Wednesday!

Chp 1

* 3 Bears + Goldilocks
PPF = scarcity,
choices



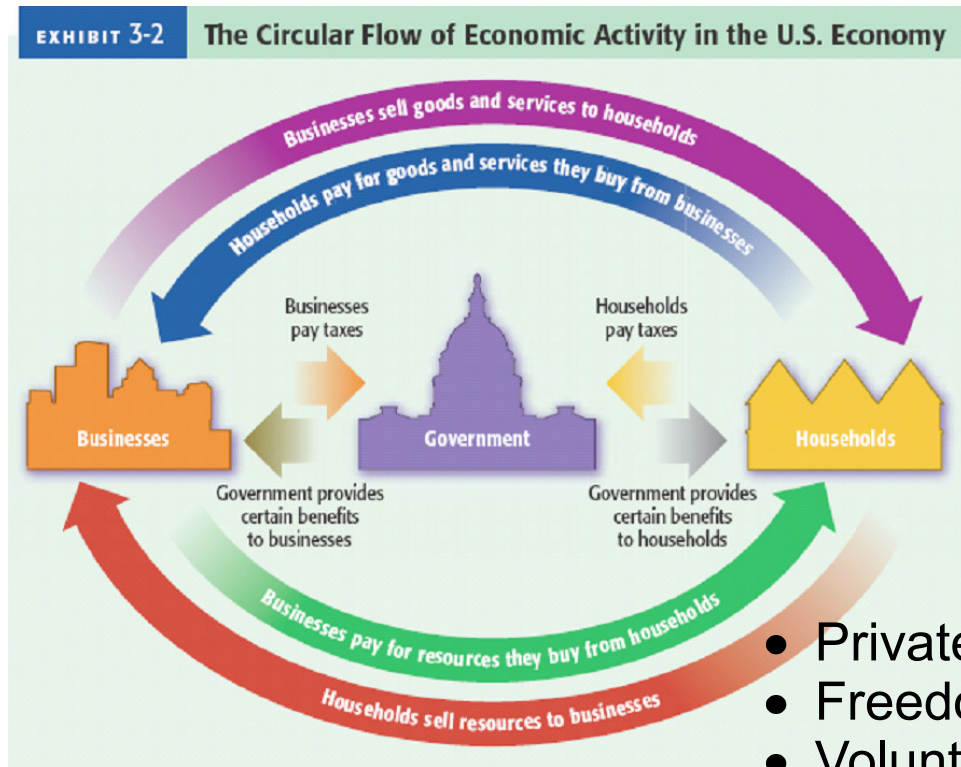
Chp 2

*Tallest Tower
Activity

Every society must answer the following questions:

- **What** goods will be produced?
 - > Because of scarcity, no country can produce every good it wants in the quantity it would like.
- **How** will the goods be produced?
 - > Will production decisions be made by individuals or by the government?
 - > Will producers use existing technology or new technology?
- **For whom** will the goods be produced?
 - > Will the government decide? Will price decide?
 - > Will goods be produced for the purpose of trade with other countries?

Free Enterprise
vs. socialism (command)



Chp 3

*Econoland
(Starburst
Activity)*

- Private Property
- Freedom of Choice
- Voluntary Exchange
- Competition
- Economic Incentives

Chp 4

If $P \uparrow$ then $Q_d \downarrow$
 If $P \downarrow$ then $Q_d \uparrow$

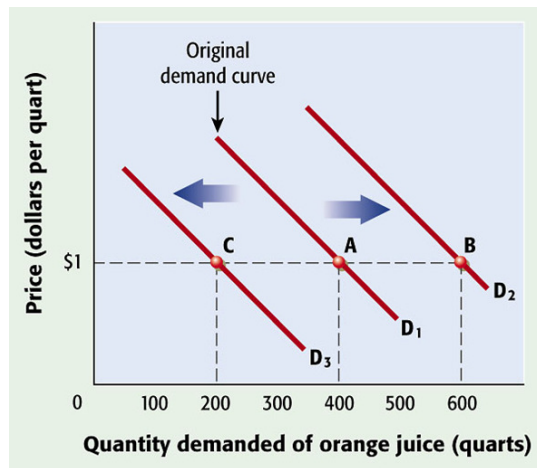
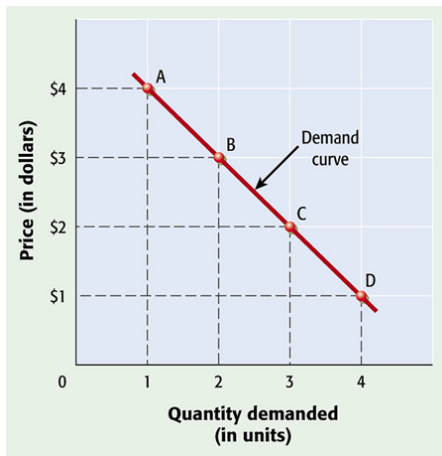
Demand - Buyers

**Types of Goods*

Demand schedule

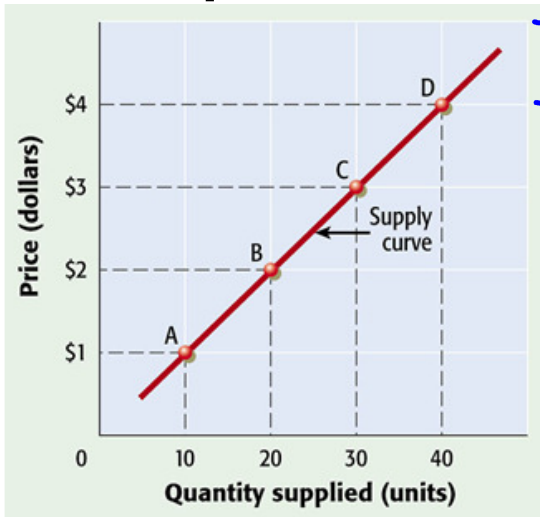
Price (in dollars)	Quantity demanded (in units)
\$4	1
3	2
2	3
1	4

INEPT - demand shifters



Chp 5

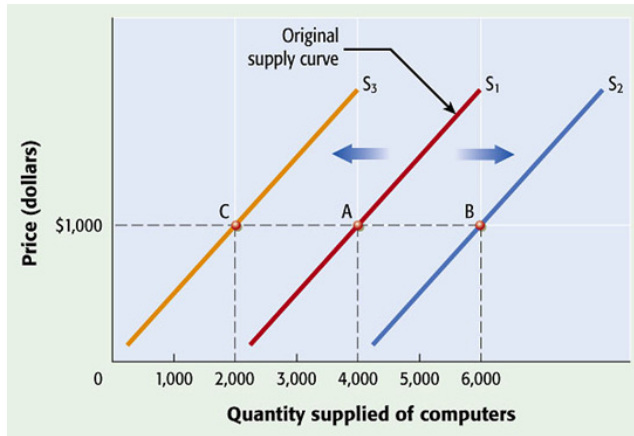
Supply!
- sellers



Supply schedule

Price (dollars)	Quantity supplied (units)
\$1	10
2	20
3	30
4	40

WIGNET - supply shifters



Chp 6

→ Where buyers and sellers are most happy

Equilibrium
"X" marks the spot



*Market Wheat Activity

Chp 7

* Business Plan Assignment

Type of business firm	Examples	Advantages	Disadvantages
Sole proprietorship	<ul style="list-style-type: none"> Local barbershop Many restaurants Family farm Carpet-cleaning service 	<ul style="list-style-type: none"> Easy to form and to dissolve. All decision-making power resides with the sole proprietor. Profit is taxed only once. 	<ul style="list-style-type: none"> Proprietor faces unlimited liability. Limited ability to raise funds for business expansion. Usually ends with retirement or death of proprietor.
Partnership	<ul style="list-style-type: none"> Some medical offices Some law offices Some advertising agencies 	<ul style="list-style-type: none"> Benefits of specialization can be realized. Profit is taxed only once. 	<ul style="list-style-type: none"> Partners face unlimited liability (one partner can incur a debt and all partners are legally responsible for payment of the debt). Decision making can be complex and frustrating.
Corporation	<ul style="list-style-type: none"> Hewlett-Packard Intel Walt Disney 	<ul style="list-style-type: none"> Owners (stockholders) have limited liability. Corporation continues if owners sell their shares of stock or die. Usually able to raise large sums of money. 	<ul style="list-style-type: none"> Double taxation. Corporations are complicated to set up.

Fixed Costs

Variable Costs

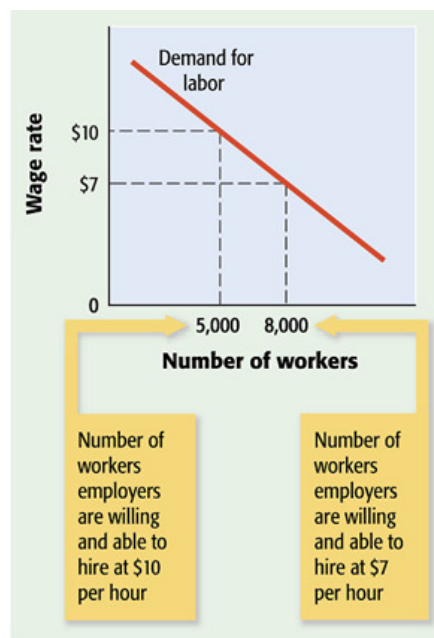
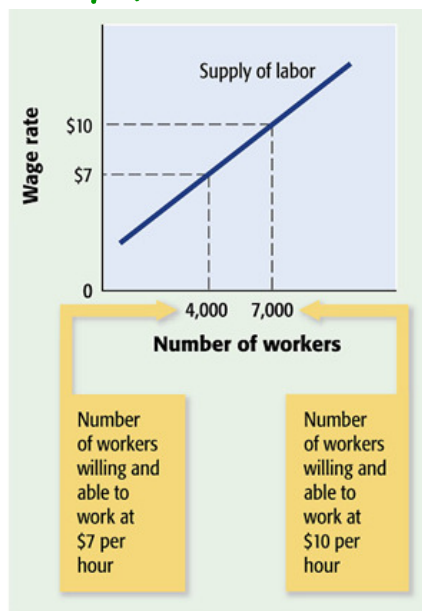
Microeconomics

Chp 8

Business Markets

Market	Number of sellers	Type of product	Barriers to entry	Control over price	Examples of products and services sold in this type of market
Perfectly competitive	Many	Identical	No barriers	No control	Wheat, corn, stocks
Monopolistic	One	Unique	Extremely high barriers	Considerable amount of control	Water, electricity, delivery of first-class mail
Monopolistic competitive	Many	Slightly differentiated	No barriers	Yes, but not as much as in monopoly	Clothing, meals at restaurants
Oligopolistic	Few	Identical or slightly differentiated	Significantly high barriers	Yes, but not as much as in monopoly	Cars, cereal

Chp 9 *Labor market* Wage Rate



Function	Definition	Example
Medium of exchange	Anything that is generally acceptable in exchange for goods and services	John uses money to buy haircuts, books, food, CDs, and computers. Money is the medium of exchange.
Unit of account	Common measurement in which values are expressed	The price of a candy bar is \$1, and the price of a book is \$14. The exchange value of both goods is measured by dollars (unit of account). Notice that exchange values can be compared easily when money is used. In this example, the book has 14 times the exchange value of the candy bar.
Store of value	An item that maintains value over time	Phil has a job and gets paid \$100. He could use \$100 to buy a ski jacket that he wants, but he decides not to. Instead, he saves the \$100 and buys the ski jacket six months later. For Phil, money has acted as a store of value over the six-month period.

Chp 10

The Fed! Monetary Policy

Money supply!

Interest Rates

3 "tools/buttons" of the Fed

Monetary tool	Effect on money supply
Reserve requirement	
Raise the reserve requirement	↓
Lower the reserve requirement	↑
Open market operations	
Buy government securities	↑
Sell government securities	↓
Discount rate	
Raise the discount rate	↓
Lower the discount rate	↑

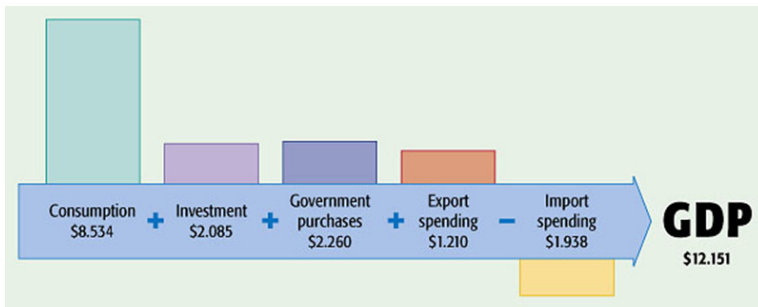
Chp 11

GDP

Price Index

Sector of the economy	Name of expenditures	Definition	Examples
Household	Consumption	Expenditures made by the household sector on goods for personal use	TV sets, telephones, clothes, lamps, cars
Business	Investment	Expenditures made by the business sector on goods used in producing other goods; also includes business inventories	Tools, machines, factories
Government	Government purchases	Expenditures made by federal, state, and local governments	Paper, pens, tanks, planes
Foreign	Exports	Expenditures made by foreigners for American-made goods	Cars, wheat, computers
	Imports	Expenditures made by Americans for foreign-made goods	Cars, radios, computers

Economic Indicators



Real GDP growth = economic growth

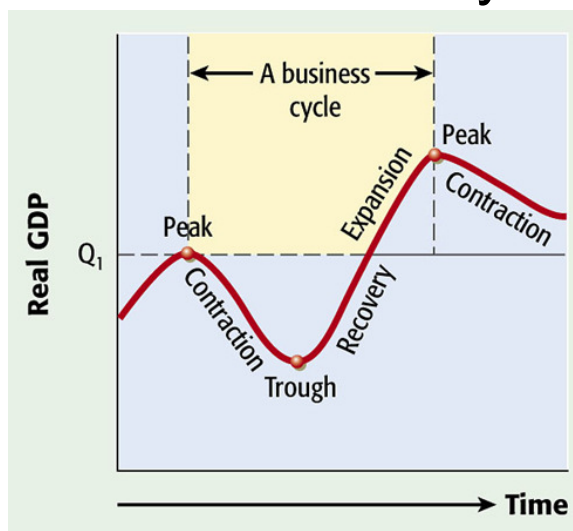
Chp 12

- > If the price level increases from one year to the next, the economy is experiencing **inflation**.

deflation

unemployment
↳ cyclical

Business Cycle



Chp 13

Fiscal Policy =

Government (Congress / President)

*Tax
+
Spend*

Type of fiscal policy	Change in government spending	Change in taxes
Expansionary	↑	and/or ↓
Contractionary	↓	and/or ↑

Chp 14

Taxes

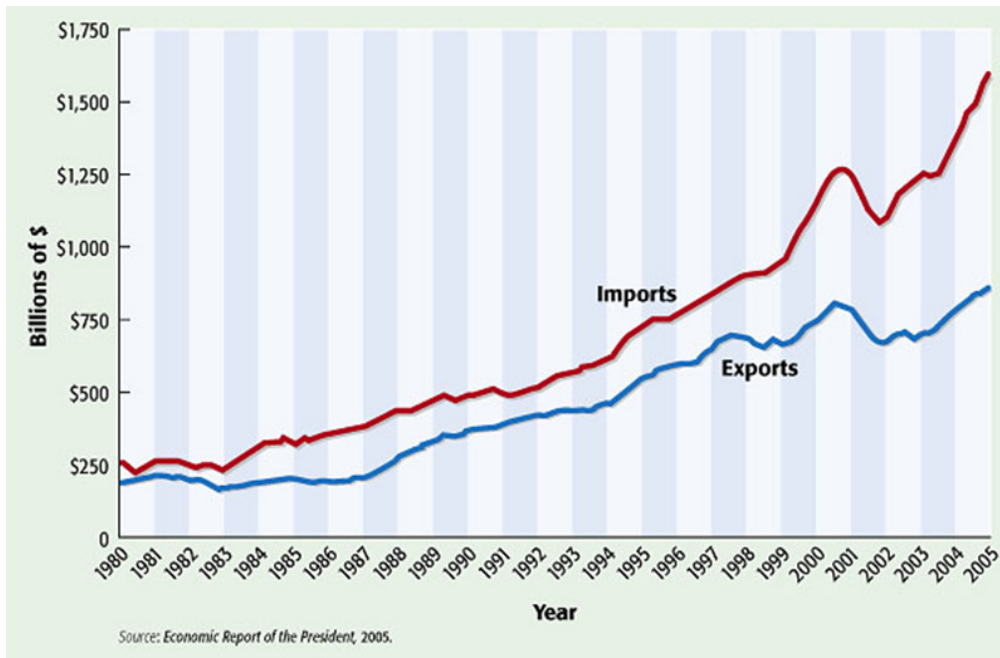


Deficit
vs.
Surplus

Budget deficit leads to national debt

Chp 15

Trade, specialization, comparative advantage



Chp 16

Stock market,
Dividends, Personal
financing, Budgeting