

Name: \_\_\_\_\_

Period: \_\_\_\_\_

## Economics Final Exam Review

### Chapter 1:

1. What is **economics**?
2. Why do we have to make **choices**? (Hint: you can answer this in one word)
3. What are the three **factors of production**? Give an example of each.
  - A.
  - B.
  - C.
4. What is an **entrepreneur**?
5. Compare **human capital** and **physical capital**.
6. What is **opportunity cost**?
7. Give an example of what the opportunity cost might be for playing video games for the entire weekend before your final exams.
8. What is the purpose of a **production possibilities graph**?

### Chapter 2:

9. Give the definition of each of the following:
  - A. **Traditional Economy:**
  - B. **Market Economy:**
  - C. **Centrally Planned Economy/Command Economy:**
  - D. **Mixed Economy:**
10. What kind of economy are most modern economies?
11. What is an **incentive**?
12. What is **competition**?
13. What are four advantages of a **free market** system?
  - A.
  - B.
  - C.
  - D.
14. Compare **socialism** and **communism**.
15. Why is **private property** important in our economic system?

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### **Chapter 3:**

16. How do consumers tell producers what to produce?
17. What is an **externality**?

### **Chapter 4:**

18. What is the **law of demand**?
19. Compare a **market demand schedule** and an **individual demand schedule**.
20. What is the **substitution effect**?
21. What is the **income effect**?
22. Compare **normal goods**, **inferior goods**, and **neutral goods**.

### **Chapter 5:**

23. What is the **law of supply**?

### **Chapter 6:**

24. What is **equilibrium**?
25. What is **disequilibrium**?
26. What is a **surplus**?
27. What is a **shortage**?

### **Chapter 7:**

28. Describe the four **market structures** and give an example of each:
  - A. **Perfect competition**
  - B. **Monopoly**
  - C. **Monopolistic competition**
  - D. **Oligopoly**
29. What is a **government monopoly**?
30. What is a **merger**?

### **Chapter 8:**

31. Compare the three kinds of **business organizations**.

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32. What is **liability**?
33. What are some advantages of forming a **corporation**?
34. What is the biggest difference between a **corporation** and all other business types?

### **Chapter 9:**

35. What is the **labor force**?
36. What is the **learning effect**?
37. Compare **unskilled labor**, **semi-skilled labor**, **skilled labor**, and **professional labor**.
38. What is a **labor union** and what do labor unions do?

### **Chapter 10:**

39. What are the three **uses of money**?
40. What is the name of our national bank?
41. What is the purpose of the **Federal Deposit Insurance Corporation (FDIC)**?
42. What is **fractional reserve banking**?
43. What is a **mortgage**?
44. What is a **credit card**?
45. What is **interest**?
46. What is a **debit card**?

### **Chapter 11:**

47. What is **investment**?
48. Why is **diversification** a wise investment strategy?
49. What is a **return**?
50. What is a **bond**?
51. What is a **share** of stock?
52. What is a **stock exchange**?
53. Compare a **bull market** and a **bear market**.