

Answer the following questions on Basic Economic Principles. (Chapter 1)

1. What are needs and wants?
2. What are goods and services?
3. What is scarcity?
4. What are resources and how do they relate to goods and services? and scarcity?
5. What is economics?
6. What is opportunity cost? How is it different from a trade-off?
7. What are the three basic economic questions?
8. What are the four factors of production? What is the payment for each?
9. What are profits?
10. Draw the circular flow of economic activity.
11. What is a production possibilities curve and what does it show?
12. How do you explain a point on the production possibilities curve?
13. How do you explain a point that is inside the production possibilities curve?
14. How do you explain a point that is outside the production possibilities curve?
15. What would cause the production possibilities curve to shift right? Left?
16. What is specialization?
17. What happens when the marginal benefit is equal or exceeded by the marginal cost?

Answer the following questions on Economic Systems. (Chapter 2)

1. What are the advantages/ disadvantages of Traditional System? A Command System? A market system?
2. How are decisions about the allocation of resource made in each system?
3. What is Capitalism? Which economic system is it closest to?
4. What system(s) have lots of competition and private property?

Answer the following questions on business organizations. (Chapter 3)

1. Give a brief description of each of the three types of business organizations?
2. Compare limited and unlimited liability. Which types of business organization have unlimited liability?
3. Compare limited life and unlimited life. Which organization(s) has unlimited life?
4. Which type is the hardest to start?
5. Which type is the easiest to start?

Answer the following questions on Supply and Demand. (Chapter 4, 5, and 6)

1. Explain the Law of Demand.
2. Draw the demand curve.
3. What is a demand schedule?
4. What is the income effect?
5. What is substitution effect?
6. What is the difference between elastic and inelastic? Name some examples of inelastic goods.
7. What are the determinants of Demand Elasticity?
8. Explain the Law of Supply.
9. Draw the supply curve.
10. What are the determinants of supply elasticity?
11. What is the equilibrium point?
12. What are price ceilings and what can they create? Give one example.
13. What are price floors and what can they create? Give one example.
14. What is the point of profit maximization?

Answer the following questions on Market Structures. (Chapter 7)

1. What is Perfect/Pure Competition?
2. What is Monopolistic Competition?
3. What is an Oligopoly?
4. What is a Monopoly?
5. Rank the market structures in order of number of firms. (1 being the most)
6. Rank the market structures in order of level of competition. (1 being the most)
7. Rank the market structures in order of barriers to entry. (1 being the hardest to get into)
8. Rank the market structures in order of product differentiation. (1 being the most differentiation)
9. Rank the market structures in order of influence over price. (1 being the most)
10. Which ones advertise?
11. What is product differentiation?
12. What are Anti-Trust Acts?
13. What is a public good?

Answer the following questions on taxes. (Chapter 9)

1. What are the three types of taxes?
2. What type of tax is a sales tax on food?
3. What type of tax is the personal income tax?
4. What type of tax is the property tax?
5. What tax is the most important to the Federal Government?
6. What tax is most important to the state governments?
7. What tax is most important to local governments?
8. What type of tax would a 6% percent tax on gas be?
9. What type of tax would a 10% tax on income be?
10. What type of tax would a 10% tax on the income under \$10,000; 15% on income between \$10,000 and \$40,000; and 20% on incomes over \$40,000?
11. What is FICA?
12. What is Social Security?

13. What is Medicare?
14. What is withholding tax?
15. Who is the IRS?

Answer the following questions on Government Spending. (Chapter 10)

1. What is the difference between debt and deficit?
2. What is a transfer payment?

Answer the following questions on the Federal Reserve (Chapter 15)

1. What are the functions of money?
2. What are the characteristic of money?
3. What is the money supply? How do banks make the money supply grow?
4. What is monetary policy?
5. List the three tools of monetary policy?
6. When in the business cycle does the Federal Reserve want to increase the money supply? Why?
7. When in the business cycle does the Federal Reserve want to decrease the money supply? Why?
8. What tool of monetary policy does the Federal Reserve use the most?

Answer the following questions on GDP (Chapter 13)

1. What goods are included in GDP?
2. What is the difference between GDP and GNP?
3. What are Nominal GDP, and Real GDP?
4. What is the output expenditure model for GDP?

Answer these questions on the Business Cycle. (Chapter 14)

1. What are the four stages of the business cycle?
2. What is a recession?
3. What is a depression?
4. What is stagflation?
5. What happens to unemployment at each stage of the business cycle?
6. What happens to GDP at each stage of the business cycle?
7. What is a CPI? What does it do?
8. Who is hurt by inflation? What is the long-term cause of inflation?
9. What is a price index and what purpose does it serve?
10. What is cost-push inflation? What are examples of cost-push inflation?
11. What is demand-pull inflation? What are examples of demand-pull inflation?
12. What is inflation risk?
13. Define the following types of unemployment: frictional, structural, seasonal, cyclical? What are examples of each?
14. What is full employment?

Answer these questions on Aggregate Supply and Aggregate Demand (Chapter 16)

1. Draw the Aggregate Supply and Demand Curve.
2. What does the Aggregate Supply curve represent?
3. What does the Aggregate Demand Curve represent?
4. What events cause aggregate supply shift?
5. What events cause aggregate demand to shift?
6. What is fiscal policy?
7. What are automatic stabilizers?
8. What should the government do according to demand-side fiscal policy in a contraction? In an expansion?

Answer the following questions on trade. (Chapter 17)

1. What is absolute advantage? What is comparative advantage?
2. What do we gain from trade?
3. What is a protectionist trade policy? Why do countries have them?
4. What are tariffs?
5. What are quotas?
6. What are standards?
7. What is an embargo?
8. What are subsidies?
9. What is the balance of payments?
10. What is a trade deficit? Does the U.S. have one?
11. What is NAFTA? Who is in it? What groups would be against this organization?
12. What is ASEAN? Who is in it?
13. What is the EU? Who is in it?
14. What is an exchange rate?
15. Define a weak dollar. Who benefits from a weak dollar? Who loses from a weak dollar?
16. Define a strong dollar. Who benefits from a strong dollar? Who loses from a strong dollar?

Answer the following questions on eCommerce and Loans

1. For each of the following types of insurance, explain what each does and why someone would buy them: Life, Health, Disability, and Property.
2. What is a deductible? A premium?
3. What factors affect credit worthiness? What is a credit score?
4. What is a Credit Union? Savings and Loans? Consumer Finance Company?
5. Define each of the following investment options and explain the risk of each: stocks, bonds, and mutual funds.
6. What does "the greater the risk, the greater the return" mean?
7. What are the reasons for the spread between the interest charged and interest returned?
8. What is the difference between simple and compound interest? Use 100 at 5% simple and 5% compound to show the difference?