

**Part I of Study Guide: Standards Involved SSEF2 SSEMI SSEF6 SSEF1****Chapter 1.**

1. Define scarcity?
2. Identify the countries in the world affected by scarcity?
3. Identify the factors of production and list examples of each?
4. Identify what payments for each of the factors of production are called?
5. Identify the reason why entrepreneurs take risks?

**CHAPTER 1, SECTION 2: CAN I**

1. Identify what market a business or government participates in when it hires workers?
2. Identify what market someone participates in when they buy consumer goods?
3. Identify what market someone makes a transaction in when they go to work?
4. Identify what market the government makes a transaction in when it purchases goods?
5. Define productivity?
6. Define and provide an example of investment in human capital?
7. Answer questions about the flow of each of the following using a circular flow diagram?
  - wages and income
  - consumer, business, and government dollars used to buy finished goods and services
8. Define division of labor?
9. Describe the effect specialization has on productivity?
10. Identify the most important factor that determines a nation's rate of economic growth?

-land, labor and capital  
-goods and services

**CHAPTER 1, SECTION 3: CAN I**

1. Define trade-offs?
2. Define and identify examples of opportunity costs?
3. Analyze a production possibilities frontier?
4. Define cost-benefit analysis and explain how it helps me make rational economic decisions?
5. Define **marginal costs** and **marginal benefits** and link them to rational economic decisions?

\*A TERM TO LOOK UP: **CORPORATE DOWNSIZING**

**Part II of Study Guide: SSEF4 SSEF3 SSEF5****CHAPTER 2, SECTION 1: ECONOMIC SYSTEMS: Can I**

1. identify who makes economic decisions in a market economy?
2. identify who makes economic decisions in a command economy?
3. identify which economic system forces producers to make products consumers want?
4. identify the common problem all economic systems face?
5. identify which economic system depends on private ownership of property?
6. identify which economic system doesn't guarantee economic security?
7. identify the advantages a market economy has over a command economy?
8. identify who owns the means of production in a command economy?
9. identify advantages a market economy has over a traditional economy?
10. identify the factor that determines the division of an economy's output in a market economy?
11. explain the reason that modern command economies have failed?
12. identify the type of economy the US has (AND most countries in the world today)?
13. provide an example of two countries in the world today that have command economies?

**CHAPTER 2, SECTION 2: SOCIAL AND ECONOMIC GOALS: Can I**

1. explain what is the most important factor in determining economic growth?
2. describe what economic equity means in the American economy?

**CHAPTER 2, SECTION 3: CAPITALISM: Can I**

1. define voluntary exchange?
2. explain the importance of government patents in a market economy?
3. describe the effects of government regulation on consumers and producers?
4. explain the effects of deregulation by the government?
5. describe the results of investment in new technologies in a country?
6. describe the effects of a country encouraging entrepreneurship?
7. identify what pays for land, labor, capital, and entrepreneurship?
8. identify examples of investments in human capital?
9. describe the relationship between entrepreneurs and labor?
10. define and give examples of regional specialization?
11. define capital investment?

**Can you identify all of the following?**

- |                           |                                      |
|---------------------------|--------------------------------------|
| 1. stocks vs. bonds       | 2. production possibilities frontier |
| 3. premium vs. deductible | 4. rational economic decision        |
| 4. factor market          | 6. product market                    |
| 7. marginal cost          | 8. marginal benefit                  |

**Part III: SSEF5****SSEF3****SSEMI4****CHAPTER 3 AND 7 MICROECONOMICS: BUSINESS ORGANIZATION AND MARKET STRUCTURES****CHAPTER 3, SECTION 1: FORMS OF BUSINESS ORGANIZATION****CAN I:**

- Describe what I study when I study microeconomics?
- Define sole proprietorship, partnership, and corporation?
- Identify advantages and disadvantages of establishing my business as a sole proprietorship?
- Identify advantages and disadvantages of establishing my business as a partnership?
- Identify advantages and disadvantages of establishing my business as a corporation?  
(for #3-5, focus on ease of organization, access to capital, taxation, control, liability, specialization, flexibility, decision-making, and life of your firm)
- Define specialization and describe its advantages?
- Describe what a shareholder in a corporation is?

**CHAPTER 3, SECTION 3: OTHER ORGANIZATIONS****CAN I:**

- Define labor union and collective bargaining?

**CHAPTER 7, SECTION 1: MARKET STRUCTURES****CAN I:**

- Describe the characteristics of a perfect competition market structure?
- Describe the characteristics of a monopolistic competition market structure?
- Describe the characteristics of an oligopoly market structure?
- Describe the characteristics of a monopoly market structure?

(for #1-4, focus on control over price, ease of entry into market for a new business, product differentiation, number of firms in the market, capital costs, competition level, interdependence between businesses)

- Provide an example of each of the market structures above?
- Define and give an example of the following types of monopolies:
  - natural
  - technological
  - geographic

**CHAPTER 7, SECTION 2 AND 3: MARKET FAILURES AND THE ROLE OF GOVERNMENT****CAN I:**

- Describe and give examples of negative externalities?
- Explain what public goods are and how they are paid for in the United States?
- Provide examples of public goods?
- Explain why the government provides public goods?
- Identify what type of government intervention promotes market competition?
- Describe the probable effects of government deregulation on competition between firms?

**Did you review all of these words? Can you identify each one?**

- |   |                                       |                 |                   |
|---|---------------------------------------|-----------------|-------------------|
| 1. Opportunity cost                       | 2. Division of labor                  | 3. Patents      | 4. Market economy |
| 5. Scarcity                               | 6. Factor determining economic growth |                 |                   |
| 7. Entrepreneurship                       | 8. Diversification (investments)      | 9. Credit score |                   |
| 10. Simple interest vs. compound interest |                                       |                 |                   |

**Part IV:****SSEMI2****SSEMI3****Microeconomics: Supply and Demand: Chapters 4, 5, 6****CHAPTER 4, SECTION 1: CAN I**

- Describe the basic unit of study in microeconomics?
- Define demand?
- Define the law of demand?

**CHAPTER 4, SECTION 2: CAN I**

1. Describe the difference between change in quantity demanded and change in demand?
2. Identify the factors that cause a change in demand?
3. Demonstrate on a graph a shift in demand? (Increase → direction of shift? Decrease → direction of shift?)
4. Provide a real world example of something that would shift the demand curve for a product to the right?

## CHAPTER 4, SECTION 3: CAN I

1. Define elasticity of demand? Define inelastic demand?
2. Answer a question like: "If the price of a product increases greatly, and its demand does not decrease much, what type of demand does the product have?"
3. Identify the factors that determine whether or not a product has an elastic demand?

## CHAPTER 5, SECTION 1: CAN I

1. Define supply?
2. Define the law of supply?
3. Describe the difference between change in quantity supplied and change in supply?
4. Identify the factors that cause a change in supply?
5. Demonstrate on a graph a shift in supply? (Increase → direction of shift? Decrease → direction of shift?)
6. Provide a real world example of something that would shift the supply curve for a product to the right?

## CHAPTER 6, SECTION 1: CAN I

1. Explain how prices act as signals in a market?
2. Explain how prices motivate both buyers and sellers in a market economy?

## CHAPTER 6, SECTION 2: CAN I

1. Define equilibrium price?
2. Describe what causes a surplus and shortage?
3. Interpret a supply and demand graph when either supply or demand curve shifts?
4. Identify the equilibrium price on a supply and demand graph?

## CHAPTER 6, SECTION 3: CAN I

1. Define a price floor and identify the effects of it? (surplus or shortage?)
2. Define a price ceiling and identify the effects of it? (surplus or shortage?)
3. Identify whether the minimum wage is a floor or ceiling? Describe the economic effects of a minimum wage?
4. Explain how supply and demand affect wages and salaries in a market economy?

**REVIEW ITEMS-Check off each word you can Identify!**

- |                       |                                    |                                     |
|-----------------------|------------------------------------|-------------------------------------|
| • Deregulation        | *Specialization                    | * Profit                            |
| • Circular flow model | *Production possibilities frontier | *Sole proprietorship                |
| • Partnership         | *Corporation                       | *Labor union, collective bargaining |
| • Perfect competition | *Monopolistic competition          | *Oligopoly                          |
| • Monopoly            | *Public goods                      | *Human capital                      |
| • Division of labor   |                                    |                                     |

**Part V: SSEMAI****MACRO ECONOMICS: Measurements Chapters 13, 14**Key Terms-Can you Identify all these terms?

Gross Domestic Product  
 Secondhand sales  
 Gross National Product  
 Personal income  
 C, I, G sectors  
 Inflation  
 CPI=Equatoin?  
 real vs. current GDP  
 Per capita GDP



3. Identify the consequences of inflation?

### **Part VII: SSEIN3 SSEIN2 SSEIN1**

International Economics

Chapter 17

International Government Terms:

Balance of Trade                      Barriers To Trade: Tariff, Quata, Embargo, Standards

Balance of Payment                  Exchange Rates: Appreciate and Depreciate

Absolute Advantages

Comparative Advantages

### **Part VIII: SSEPF1, SSEPF2 SSEPF4 SSEPF5 SSEPF6**

Personal Finance Unit Review

MONEY: Can I

1. explain the main functions of money?
  - a. Medium of exchange
  - b. Store of value
  - c. Standard of value
2. identify the main requirement for any type of money to become a “medium of exchange?”
3. explain what determines the value of my dollars today?

BUDGETING: Can I

1. explain the difference between my fixed expenses and my variable expenses?
2. explain the difference between my gross wages/income and my net wages/income?
3. identify the mandatory deductions that are taken from my paycheck?
  - a. Social security taxes
  - b. Medicare taxes
  - c. Personal income tax withholding
4. explain the difference between coupons and (mail in) rebates?
5. explain what a “bait and switch” scam in a store is?
- 6.

EARNING: Can I

1. explain how earning a high school diploma, a college diploma, and advanced degrees will affect my financial and career success?
2. explain how the demand for my skills and the supply of workers in my career area can affect my salary.
3. explain why hazardous working conditions can lead to higher pay for some workers?

BANKING: Can I

1. explain the difference between a bank and a credit union?
2. explain how the annual percentage rate can help me evaluate loans from different institutions?
3. explain how banks earn a profit using loans and deposits?
4. explain the difference between simple interest and compound interest?
5. explain the role the FDIC plays in guaranteeing my deposits at a bank?
6. calculate simple interest on a CD?
7. explain why loans extended for longer periods of time often have higher interest rates?
8. explain why consumer finance companies typically charge higher interest rates on loans than banks, savings and loans, and credit unions?
9. identify which of the following loans usually has the highest interest rate (home mortgage, new car, credit card, student).
10. explain the relationship between my credit history, my creditworthiness, and the interest I pay on loans.
11. explain the factors that can raise and lower my credit score.
12. explain why paying minimum payments on my credit card is stupid.
13. explain the importance of collateral in lending.
14. explain why people who have borrowed money could benefit from inflation.

## INVESTMENTS: Can I

1. describe the relationship between risk and return in investing?
2. identify the level of risk and return in the following investments: Gold, Stocks, Bonds, Mutual Funds, Money market accounts, Savings accounts, Certificates of Deposit (CD's)
3. explain what a shareholder in a corporation is?
4. explain the tax benefits of an individual retirement account (IRA) as a way to save for retirement?
5. identify gold as one of the most speculative type of investments?
6. explain how diversification in investment planning helps reduce risk.
7. identify the best places to put money when I need to spend it next year?
- 8.

## INSURANCE: Can I

1. define the terms premium and deductible and explain their relationship on my insurance policies?
2. identify the factors that determine the cost of my auto insurance policy?
3. define the following auto insurance terms: collision, comprehensive, liability?
4. explain the difference between term and whole life insurance?
5. define disability insurance (think of the duck)?

## Terms:

Taxes: Progressive, Regressive, and Proportional Tax

Credit Worthiness

Insurance: Deductible, Premium, Asset Protection, Shared Liability