**Economics Final Study Guide**

Know the Circular Flow of economic activity.

What are the factors of production? What are the returns on the factors of production?

Opportunity Cost

Comparative Advantage

Absolute Advantage

How do you use comparative advantage and absolute advantage to determine production choices? Production possibility charts.

How could a comparative advantage in a natural resources impact a regions businesses and labor demand?

In comparing production possibilities what are you comparing? Net profits of Production schedules

What are the 3 Functions of Money?

* + Medium of exchange
  + Unit of Account
  + Store of Value

What is the impact of decentralizing banks?

Government Revenue: What brings in the most money for the federal government?

**Define the following**

Traditional Economy

Market Economy

Command Economy

Mixed Economy

Public good

Define; non-excludable

Define: non-rivalrous

Elastic demand

Inelastic demand

Income effect on demand

Human capital

Types of unemployment

Fixed expense

Variable expense

Consumer cooperatives: advantages /disadvantages

Public corporation

Privately held corporation

Monetary policy:

* Discount rate
* Reserve requirement
* Open Market operations

Define: Interest in relation to credit

Define Principal in relation to credit

Line of Credit: advantages and disadvantages

Credit card: advantages and disadvantages

What do the following insurances cover?

* disability insurance,
* health insurance,
* property insurance
* Medicare
* Medicaid

**Foreign trade**

What were some of the impacts with the renegotiation of the NAFTA agreement?

What happens if a country restricts imports from a country?

As the value of one country’s currency appreciates (increases) in relation to another country’s currency, what happens to the trade with the other country?

As the value of one country’s currency depreciates (decreases) in relation to another country’s currency what happens to the trade with the other country?

**Formulas:**

How do you figure capital gains on stocks?

(Final sale price x # of shares sold) - (initial investment price x # of shares purchased) = capital gains

Formula for finding expenditure approach Real GDP: C+I+G+NX=RGDP

Finding marginal product of labor (Unit 3) Divide the change in output by the change in amount of labor. If the value begins to decrease then the business should not hire the marginal worker.