SS 57 -- Principles and Practices of Economics
District Test Review Guide

Foundations
1. Define economics.
2. Explain how scarcity relates to economics.
3. Differentiate between opportunity costs and trade offs.
4. Define factors of production. List and explain the three factors of production.
5. Use a PPC to demonstrate the concepts of:
   • opportunity costs
   • standard of living
6. Draw and label a circular flow diagram. How does it represent consumers and businesses in the market?
7. Define consumer sovereignty.

Economic Systems
8. List and describe five features of a market economy. (capitalism)
9. Compare and contrast the major types of economics:
   • market economy
   • mixed economy
   • command economy
10. Describe the works/theories of:
    • Adam Smith
    • Karl Marx
    • John Maynard Keynes

Microeconomics
11. List and describe the three basic types of business organizations.
12. Discuss the advantages/disadvantages of each business type in #11.
13. What is the role of stockholders in financing corporations? What is the role of government in regulating corporations?
14. Define the law of demand. Define the law of supply.
15. Draw and label a supply and demand graph. Illustrate changes in demand and supply.
16. List and describe the four market structures.
17. Define elasticity of demand.
18. Define elastic demand, inelastic demand and unitary (unit elastic) demand and give an example of each.
19. Define a price floor and a price ceiling and provide a graph that shows what a price floor and ceiling cause.
20. Define and provide examples of the following costs to a firm.
    • total cost
    • fixed cost
    • variable cost
    • marginal cost
21. What is the golden rule of profit maximization?
Measurement and Fiscal Policy
22. Draw and label a business cycle.
23. What is fiscal policy? Describe the government’s two fiscal policy tools.
24. How are fiscal policy tools used to expand or contract the economy?
25. What are the three major types of taxes? Give one example of each.
26. Discuss major macroeconomic measurements:
   - GDP
   - unemployment
   - CPI
   - inflation
   - national debt
   - budget deficit
   - budget surplus

Money, Banking and Monetary Policy
27. What are the three functions (uses) of money?
28. List four characteristics of money.
29. Differentiate fiat vs. representative money.
30. Provide a short response about the FED.
   - history
   - purpose
   - structure
31. What are the three tools of the Federal Reserve? How does each tool work to expand or contract the economy?

Personal Finance and Decision Making
32. Compare the different types of profits for investors:
   - interest
   - dividends
   - capital gains
33. Define the following key consumer terms:
   - mortgage
   - credit rating
   - collateral
   - budget
34. Compare investment options:
   - savings
   - bonds
   - stocks
   - mutual funds
35. Describe the corporate structure from stockholders to workers.

International Trade
36. Define export. Define import. How do exports and imports combine to create a nation’s trade balance?

37. List and define two examples of trade barriers. How do trade barriers affect trade between countries? (e.g., protectionism)

38. Identify two free trade agreements. Why do countries develop free trade agreements to reduce protectionism?

39. Identify the following issues related to globalization:
   • cultural imperialism
   • outsourcing
   • developing nations