

# EOC Review

## *Domain 1: Fundamentals of Economics*

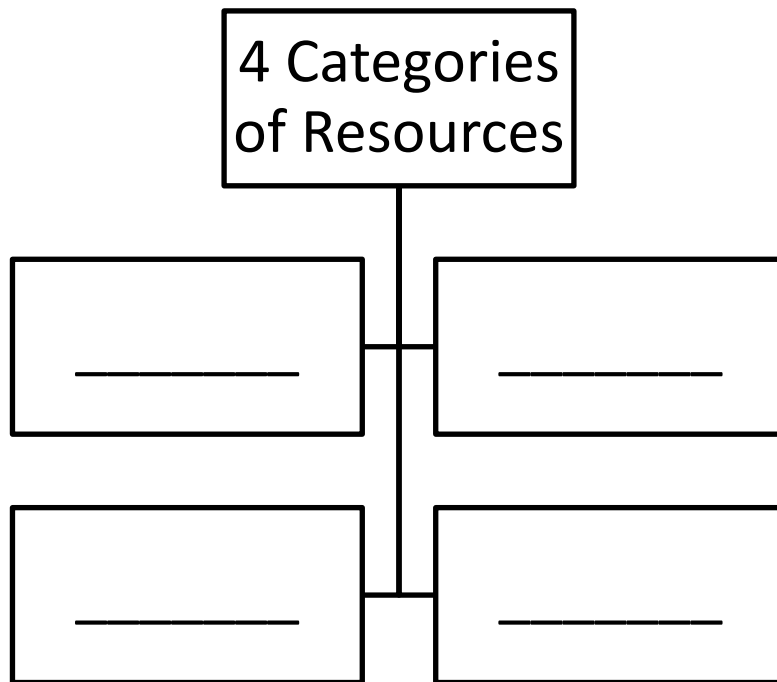
\_\_\_\_\_ = unlimited wants > limited resources

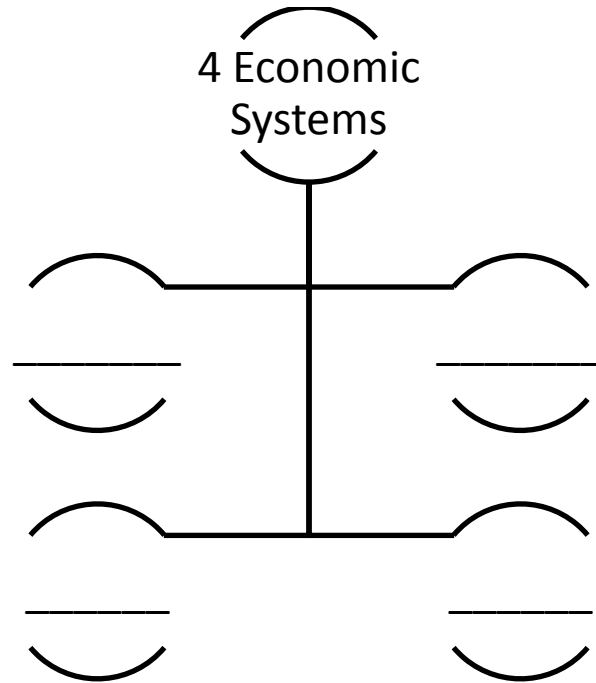
↓ Leads to

\_\_\_\_\_ = choosing between 2 options

↓ Creates an

\_\_\_\_\_ = second best choice given up





*How do each of the economic systems address the issues in the chart?*

	<b>Private ownership of Resources</b>	<b>Profit Motive</b>	<b>Consumer Sovereignty (decision making)</b>	<b>Competition</b>	<b>Government Regulation</b>
Traditional System					
Command System					
Market System					
Mixed System					

\_\_\_\_\_

What are the three questions of allocation each system must answer when making production decision?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What are the 6 social and economic goals in each economic system?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Marginal Decision Making

Marginal benefit: \_\_\_\_\_

Marginal cost: \_\_\_\_\_

Rule of rational decision making:

\_\_\_\_\_ = \_\_\_\_\_

\_\_\_\_\_ = reward for doing one more of something

\_\_\_\_\_ = punishment to stop doing something

Is it possible to predict how someone will respond to this (above)? \_\_\_\_\_

Why? \_\_\_\_\_

## Role of Government in a Market Economy

1. Why does the government provide public goods?

\_\_\_\_\_  
\_\_\_\_\_

2. Why does the government try to redistribute income?

\_\_\_\_\_  
\_\_\_\_\_

3. What does it mean that the government protects property rights?

\_\_\_\_\_  
\_\_\_\_\_

4. What is a market failure? How does the government resolve it?

\_\_\_\_\_  
\_\_\_\_\_

What are the effects of government regulation on:

Consumers:

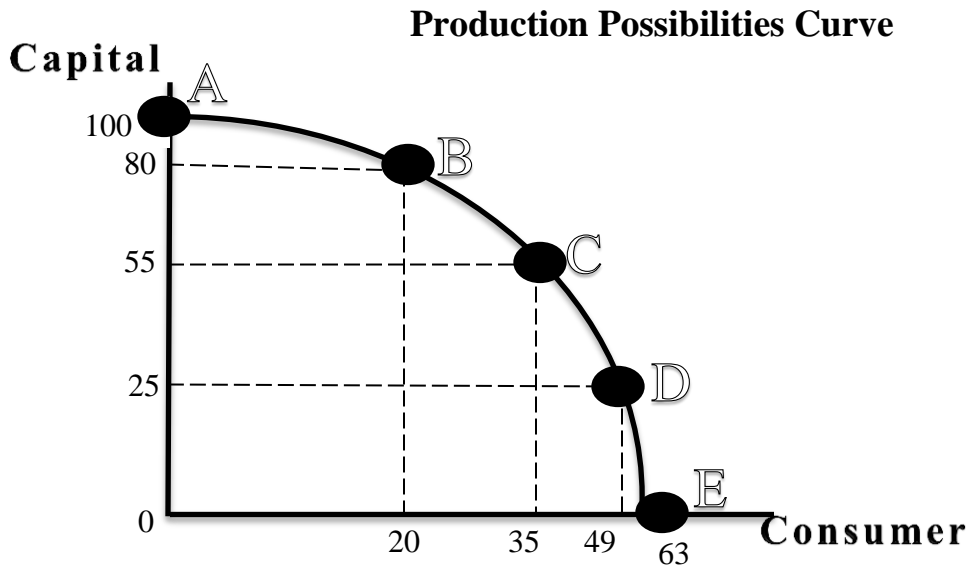
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Producers:

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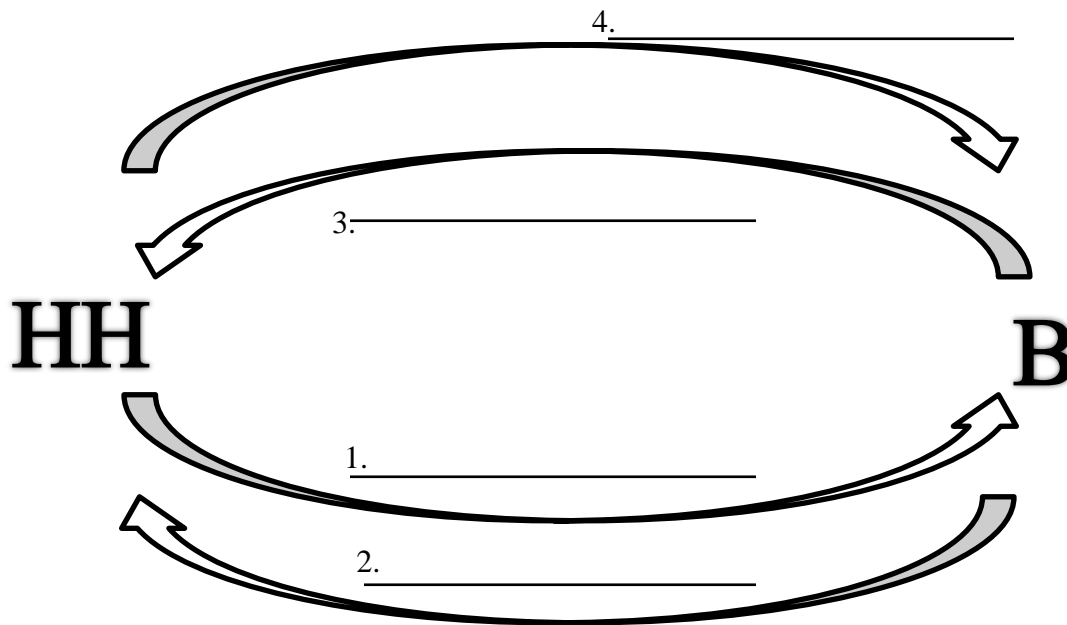


- What is the opportunity cost of moving from point A to point B? \_\_\_\_\_
- What is the opportunity cost of moving from point D to point C? \_\_\_\_\_
- What does point F represent? \_\_\_\_\_
- What does point G represent? \_\_\_\_\_

**Domain 2: Microeconomics**

**Circular Flow**

Label the blanks on the circular flow below:



What market are resources sold in? \_\_\_\_\_

What market are goods and services sold in? \_\_\_\_\_

**Demand and Supply**

Law of Demand

Quantity Demand will \_\_\_\_\_ when prices \_\_\_\_\_

**-or-**

Quantity Demand will \_\_\_\_\_ when prices \_\_\_\_\_

Law of Supply

Quantity Supply will \_\_\_\_\_ when prices \_\_\_\_\_

**-or-**

Quantity Supply will \_\_\_\_\_ when prices \_\_\_\_\_

Demand v. Quantity Demand

Demand: \_\_\_\_\_

Quantity Demand: \_\_\_\_\_

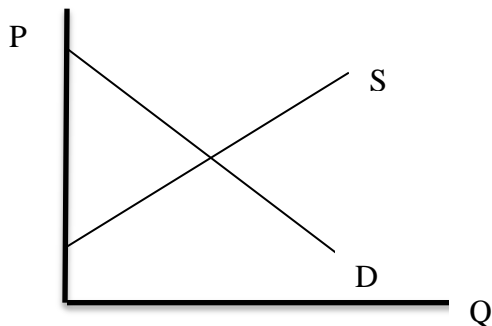
Supply v. Quantity Supplied

Supply: \_\_\_\_\_

Quantity Supplied: \_\_\_\_\_

**Equilibrium (Market Clearing)**

- a. How is equilibrium established? \_\_\_\_\_
- b. What happens to equilibrium price and quantity as demand increases?  
\_\_\_\_\_
- c. What happens to equilibrium price and quantity as demand decreases?  
\_\_\_\_\_
- d. What happens to equilibrium price and quantity as supply increases?  
\_\_\_\_\_
- e. What happens to equilibrium price and quantity as supply decreases?  
\_\_\_\_\_



*Indicate the equilibrium point on the graph*

Determinants of Demand

I \_\_\_\_\_

N \_\_\_\_\_

S \_\_\_\_\_

E \_\_\_\_\_

C \_\_\_\_\_

T \_\_\_\_\_

Determinants of Supply

R \_\_\_\_\_

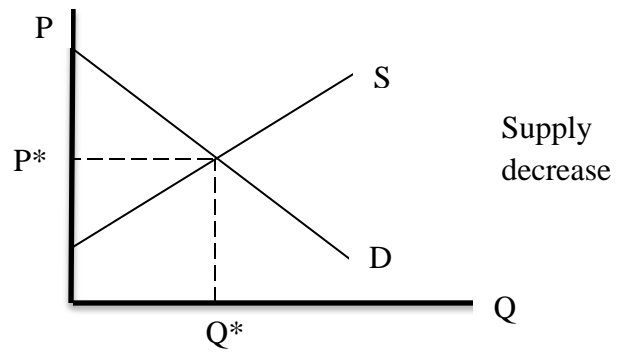
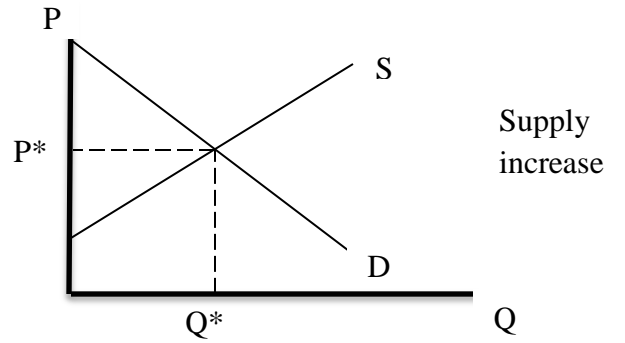
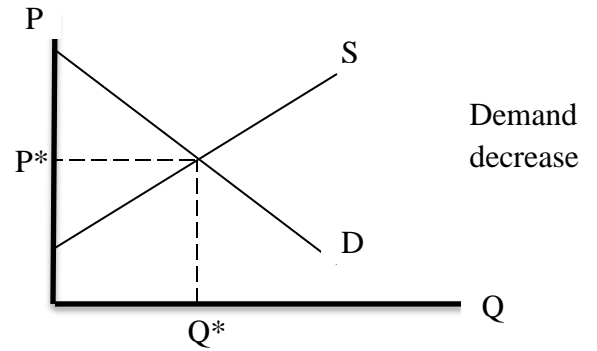
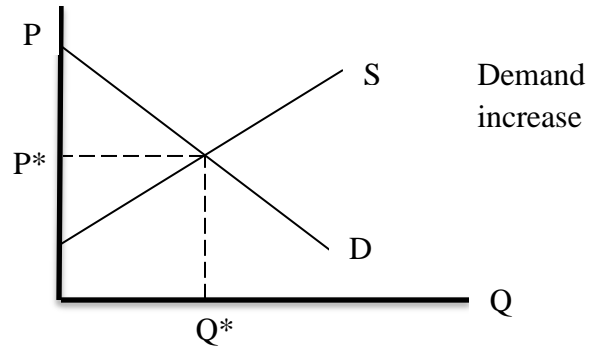
O \_\_\_\_\_

T \_\_\_\_\_

T \_\_\_\_\_

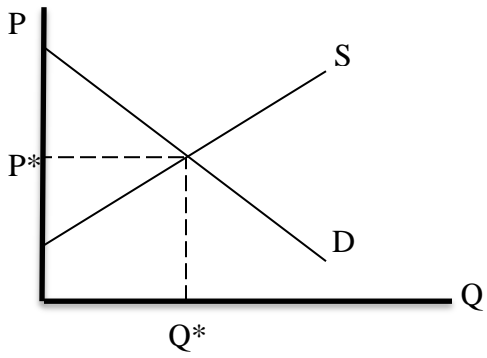
E \_\_\_\_\_

N \_\_\_\_\_





Price Ceiling

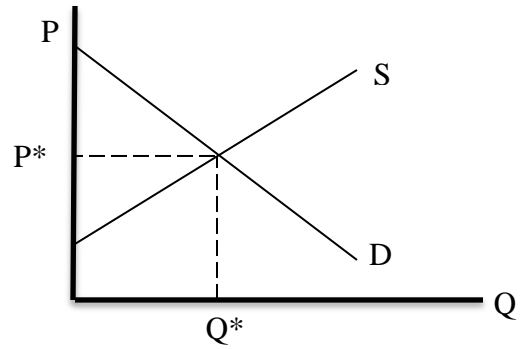


Label the price ceiling on the graph above.

What problem do price ceilings cause?

\_\_\_\_\_

Price Floor

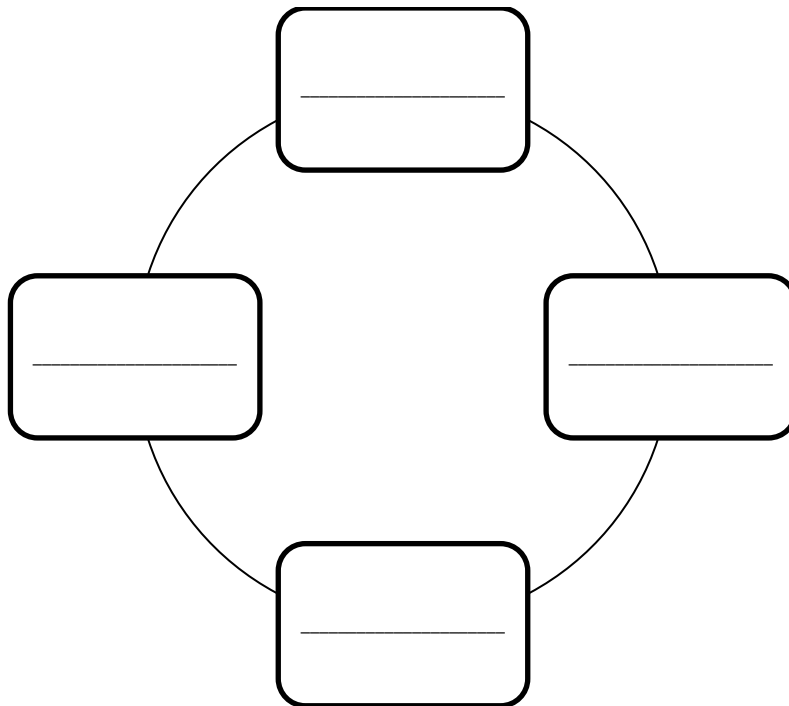


Label the price floor on the graph above.

What problem do price floors cause?

\_\_\_\_\_

Market Structures

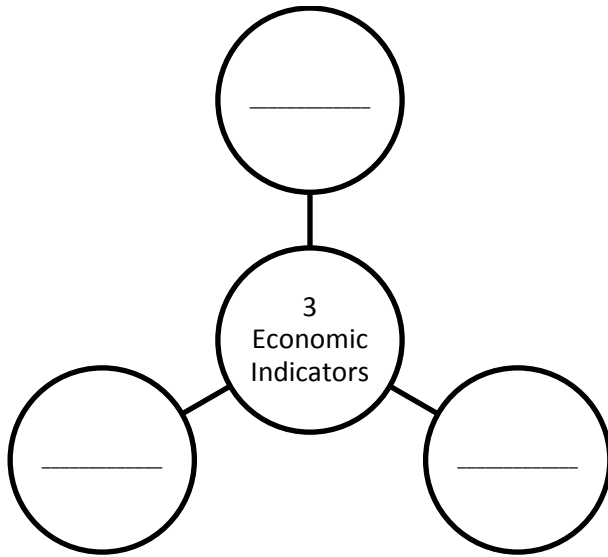


Type	Number of sellers	Type of good	Control over price	Barriers to entry

Business Structure Types

Type	# of owners (type)	Liability	Regulation & Taxation	Ability to raise money	Lifespan	Decision Making

**Domain 3: Macroeconomics**



*What are the three goals of macroeconomic policy?*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

*What are the 4 categories of GDP?*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

*How is GDP calculated?* \_\_\_\_\_

*What is **NOT** counted in GDP?*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

*Define unemployment rate.*

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*What are the four categories of unemployment?*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

*Define Consumer Price Index.*

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*What are the four types of price changes as measured by CPI?*

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

*Define Aggregate Demand.*

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*Define Aggregate Supply.*

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Who benefits from unanticipated inflation?

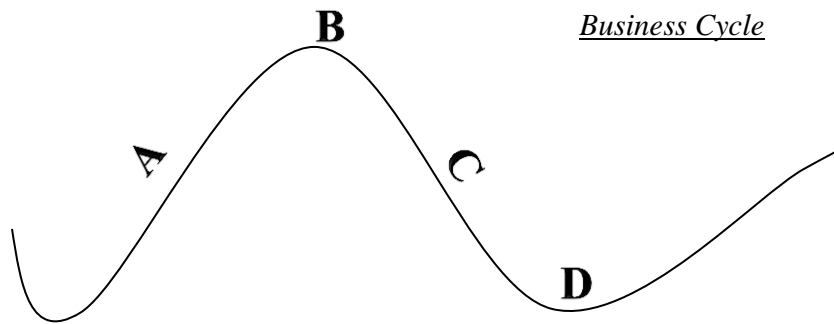
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Who loses from unanticipated inflation?

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**Stage A** is called \_\_\_\_\_

What is GDP doing here? \_\_\_\_\_

What are prices doing here? \_\_\_\_\_

What is unemployment doing here? \_\_\_\_\_

**Stage B** is called \_\_\_\_\_

What is GDP doing here? \_\_\_\_\_

What are prices doing here? \_\_\_\_\_

What is unemployment doing here? \_\_\_\_\_

**Stage C** is called \_\_\_\_\_

What is GDP doing here? \_\_\_\_\_

What are prices doing here? \_\_\_\_\_

What is unemployment doing here? \_\_\_\_\_

6 months of this stage is called? \_\_\_\_\_

If it is very sever it is called a \_\_\_\_\_

**Stage D** is called \_\_\_\_\_

What is GDP doing here? \_\_\_\_\_

What are prices doing here? \_\_\_\_\_

What is unemployment doing here? \_\_\_\_\_

Fiscal Policy

What is fiscal policy? \_\_\_\_\_

Who is in charge of fiscal policy? \_\_\_\_\_

What are the two **tools** of fiscal policy?



What are the two types of fiscal policy?

Goal:		
Money goes:		
Fixing:		

How are the two tools used to affect problems in the economy?

Problem: \_\_\_\_\_

Problem: \_\_\_\_\_

Policy used: \_\_\_\_\_

Policy used: \_\_\_\_\_

Tool	Action

Tool	Action

What is a budget deficit? \_\_\_\_\_

What is a budget surplus? \_\_\_\_\_

How do each affect national debt?

\_\_\_\_\_

\_\_\_\_\_

### Monetary Policy

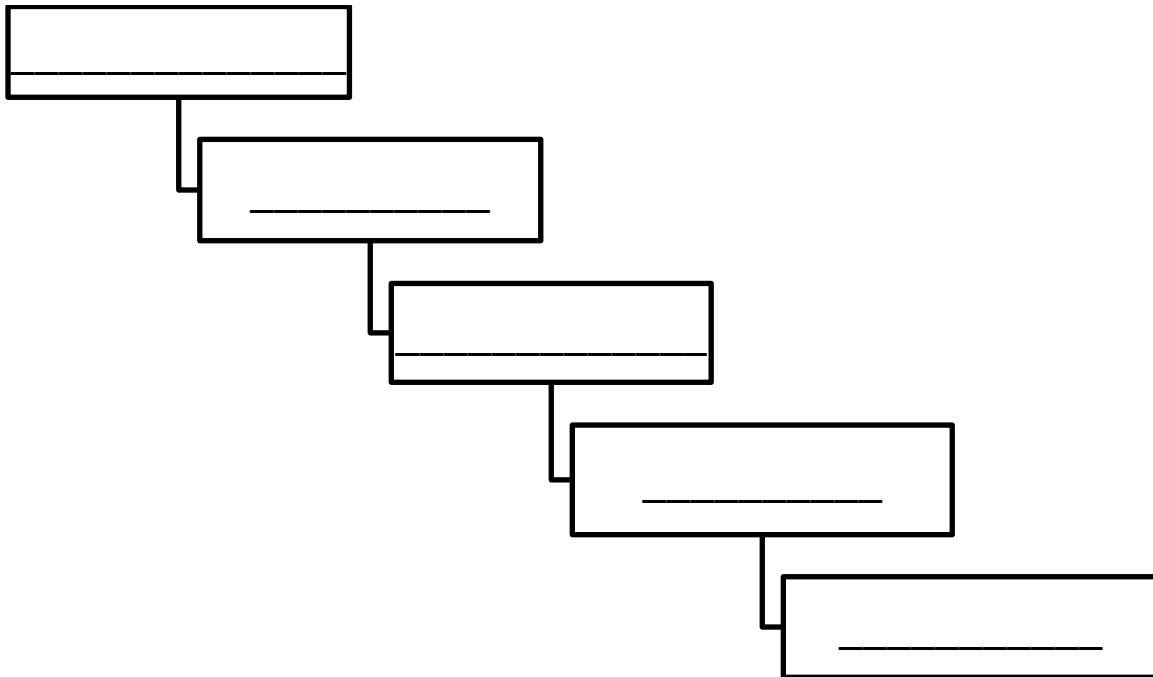
What are the three functions of money?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

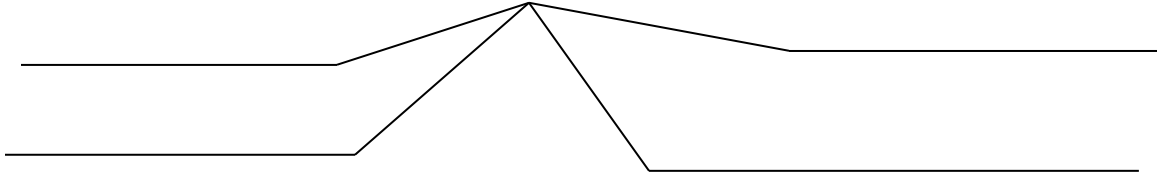
What is the structure of the Federal Reserve System?



What is monetary policy? \_\_\_\_\_

Who is in charge of monetary policy? \_\_\_\_\_

What are the four **tools** of monetary policy?



What are the two types of monetary policy?

Goal:		
Money goes:		
Fixing:		



*How are the four tools used to affect problems in the economy?*

Problem: \_\_\_\_\_

Problem: \_\_\_\_\_

Policy used: \_\_\_\_\_

Policy used: \_\_\_\_\_

<b>Tool</b>	<b>Action</b>

<b>Tool</b>	<b>Action</b>

## Domain 4: International

### Comparative and Absolute Advantage

Define absolute advantage: \_\_\_\_\_

Define comparative advantage: \_\_\_\_\_

What is the formula for calculating comparative advantage? \_\_\_\_\_

Which is used to drive trade decisions? \_\_\_\_\_

Define balance of trade: \_\_\_\_\_

Define trade surplus: \_\_\_\_\_

Define trade deficit: \_\_\_\_\_

Answer the questions based on the chart below:

	Jane	Joe
Apples	15	20
Oranges	25	30

Who has absolute advantage in apples? \_\_\_\_\_

Who has absolute advantage in oranges? \_\_\_\_\_

Who has comparative advantage in apples? \_\_\_\_\_

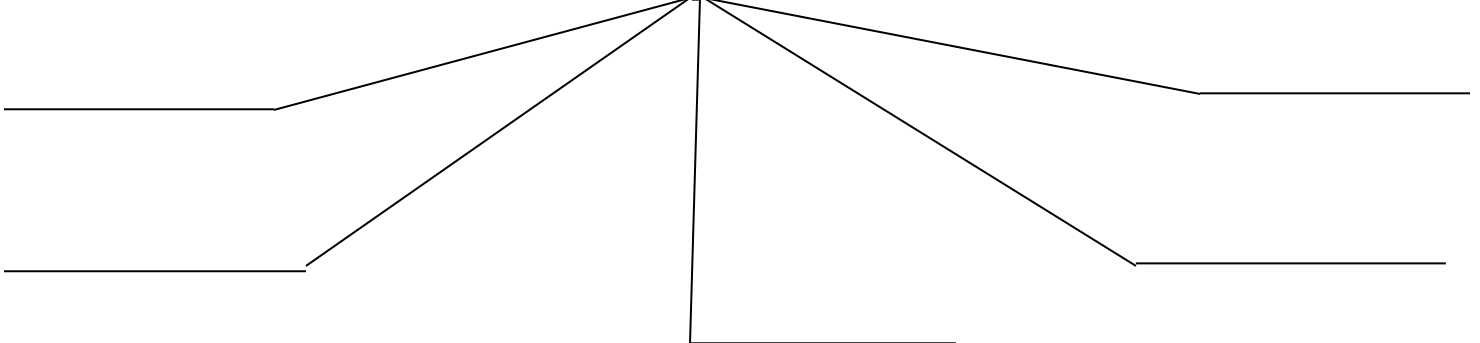
Who has comparative advantage in oranges? \_\_\_\_\_

What should Jane produce to trade? \_\_\_\_\_

What should Joe produce to trade? \_\_\_\_\_

### Trade Barriers

What are the 5 types of trade barriers?



Which trade barrier is beneficial to both consumers and producers? \_\_\_\_\_

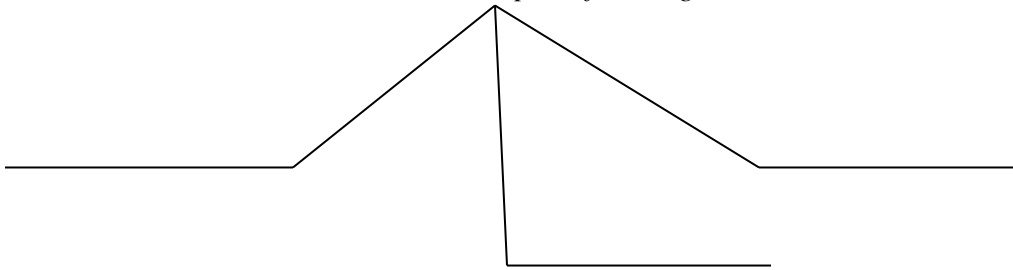
How do trade barriers benefit consumers? \_\_\_\_\_

How do trade barriers benefit producers? \_\_\_\_\_

### Trading Blocs

What is the purpose of trading blocs? \_\_\_\_\_

What are the 3 examples of trading blocs?



Know the arguments for and against free trade.

Against:

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For:

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Exchange Rates

Define exchange rate: \_\_\_\_\_

*Reading an exchange rate chart:*

Remember to typically read DOWN the chart:

	<b>US \$1</b>	<b>Mexico 1P</b>	<b>Great Britain 1£</b>
<b>US</b>	\$1	\$.08	\$1.20
<b>Mexico</b>	16P	1P	20P
<b>Great Britain</b>	.70£	.04£	1£

\$1 = 16P	1P = \$.08	1£ = \$1.20
\$1 = .70£	1P = .04£	1£ = 20P

Which currency is strongest? \_\_\_\_\_

If Katheline has \$300 and she travels to Mexico, how much will she get in pesos?  
\_\_\_\_\_

If Jean-Michel has 500£ and he travels to the United States, how much will he get in dollars?  
\_\_\_\_\_

If a currency appreciates in value what does that mean and how does it affect consumers and producers?  
\_\_\_\_\_  
\_\_\_\_\_

If a currency depreciates in value what does that mean and how does it affect consumers and producers?  
\_\_\_\_\_  
\_\_\_\_\_

Who wins and loses when currencies change?

	<b>Winners</b>	<b>Losers</b>
<b>Currency appreciates</b>		
<b>Currency depreciates</b>		

## *Domain 5: Personal Finance*

### Financial Institutions

	<b>Define</b>	<b>Checking</b>	<b>Savings</b>	<b>Investments</b>	<b>Loans</b>	<b>Credit Cards</b>
Commercial Banks						
Credit Unions						
Payday Lenders						
Title Pawn Lenders						

### Interest Rates:

1. Interest charged:

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2. Interest earned:

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3. Why is there a gap between interest earned and interest charged?

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4. Simple interest:

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5. Compound interest:

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6. Annual percentage rate:

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7. Fixed interest rates:

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8. Variable interest rates:

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Investing:

Risk: \_\_\_\_\_

Return: \_\_\_\_\_

	<b>Definition</b>	<b>Risk</b>	<b>Return</b>
<b>Savings Accounts</b>			
<b>Certificates of Deposits</b>			
<b>Retirement Accounts</b>			
<b>Stocks</b>			
<b>Bonds</b>			
<b>Mutual Funds</b>			

Taxes:

Progressive Tax:

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Regressive Tax:

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Proportional Tax:

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How do increases in sales tax affect:

Wealthy individuals:

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Lower income individuals:

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Impact of property tax on:

Individuals: \_\_\_\_\_

Communities: \_\_\_\_\_

Credit:

Credit Worthiness:

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*What affects access to credit and interest rates?*

Credit score:

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Collateral:

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Capacity to Pay:

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Insurance

