**EOCT Prep Session Review Packet**

**Fundamental Concepts**

* What are the 3 key questions of all economic systems?

1.

2.

3.

**SSEF1**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a basic condition where unlimited wants exceed limited productive resources.
* Name the four factors of production and give an example of each.

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

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

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

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ -

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ means to decide how to distribute scarce resources.

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the next best alternative that is given up when a choice is made.

**SSEF2**

* According to economists a rational decision is made when the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is greater than or equal to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a graphic representation of scarcity.
* Draw 3 points on the PPC below.
  + Let Point A represent inefficient production
  + Let Point B represent maximum efficiency
  + Let Point C represent an unattainable/impossible level of productivity

Guns

Butter

* + Name the two ways that this economy could produce at point C.

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

- In this next PPC example…

- What would be the opportunity cost of moving from point A to point B? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- What would be the opportunity cost of moving from point B to point C? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- What would be the opportunity cost of moving from point B to point A? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

100

200

300

100

175

200

**B**

**C**

**A**

Guns

Butter

**SSEF3**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ occurs when a company or person engages in producing the same product or service over and over, and getting better at it as a result.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ occur when a consumer and producer agree to exchange a product for money willingly, and they both consider themselves to be better off as a result of the transaction.

**SSEF4**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ means that people and businesses can own land for themselves.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the reason why entrepreneurs go into business for themselves.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the term that refers to the fact that buyers in our economy have the power to choose which products to buy, which in turn helps producers answer the key question of what to produce.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the term that refers to the fact that businesses must outperform each other in both quality and/or price in order to sell their product/service to consumers on a consistent basis.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when the government puts laws into place that businesses must abide by. These laws can be put into place to protect the consumer or to add security/stability to a particular industry.
* List the 3 Broad Goals of the following two major types of economic systems.
  + Market Economy: 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Command Economy: 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SSEF5**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are things that the government provides for the general public because if they didn’t they probably wouldn’t be produced. (Some examples are schools, roads, parks etc.)
* Welfare, unemployment benefits, food stamps, and WIC are all examples of transfer payments (entitlement spending). Since \_\_\_\_\_\_\_\_ pay for these things they are considered to be a form of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Sometimes when markets fail for one reason or another, who/what do we look to in order to resolve these market failures? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* When the government adds more laws that an industry has to follow it considered \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* When the government takes away laws that an industry has to follow is considered \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**SSEF6**

* Productivity is defined as the relationship of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Think back to the pizza activity…there are 5 ways to increase productivity. List them.

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

- When you invest in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ you are specializing in something and making yourself a scarce resource. When the job skills you possess are more scarce employers will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Therefore investing in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ leads to a higher \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Microeconomics**

**SSEMI1**

* Households, business, and government are connected in that what happens to one inevitably impacts the other. This illustrates the concept of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Fill in the circular flow chart below using the following words from the word bank.

Household Business Factor/Resource Market Product Market 4 Factors of Production (Refined)

Income $ Profit $ (2) Capital Investment $ 4 Factors of Production (Raw) Finish Goods (2)

5.

6.

2.

7.

8.

3.

1.

4.

***\*\*Hint*** *for the circular flow…money always flows in one direction while resources and finished goods flow in the other direction.*

* Use the circular flow chart that you filled in to answer the following questions…
  + *Example: Where in the circular flow are finished goods moving from businesses to households? Answer 4 to 2.*
  + Where in the circular flow are raw materials moving from household to business? \_\_\_\_\_\_\_\_\_\_\_\_\_
  + Where in the circular flow is income converted to consumer spending? \_\_\_\_\_\_\_\_\_\_\_\_\_
  + Where in the circular flow is profit converted into capital investment? \_\_\_\_\_\_\_\_\_\_\_\_\_
  + Where in the circular flow does consumer spending become profit? \_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Where in the circular flow are resources converted to finished goods? \_\_\_\_\_\_\_\_\_\_\_\_\_\_
* List the 3 roles of money

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

**SSEMI2**

- The **Law of Demand** states that as \_\_\_\_\_\_\_\_ goes up \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goes down.

And as \_\_\_\_\_\_\_\_\_\_ goes down \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goes up.

* The **Law of Supply** states that as \_\_\_\_\_\_\_\_\_\_\_ goes up \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goes up.

And as \_\_\_\_\_\_\_\_\_\_ goes down \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goes down.

* + According to the laws of supply and demand, if the price of gum goes from $1.00 to $1.50...

Qd will \_\_\_\_\_\_\_\_\_\_ and Qs will \_\_\_\_\_\_\_\_\_\_\_\_.

* + If the price of gum goes from $1.00 to $.50, Qd will \_\_\_\_\_\_\_\_\_\_\_ and Qs will \_\_\_\_\_\_\_\_\_\_\_.
* Market clearing prices are determined by the interaction between \_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Prices, salary raises, and interest rates all serve as strong \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a market economy because people react predictably to these things.

**SSEMI3**

* List the 6 determinants of demand - List the 9 determinants of supply – put 2 on a line

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

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

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

4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- When a determinant causes an increase in supply/demand it causes the curve to shift to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

When a determinant causes a decrease in supply/demand it causes the curve to shift to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Use the graph to the left to answer the following**

**Market for Gasoline**

**questions.**

20,000

10,000

3.50

4.50

5.00

**Price**

1. What is the market clearing price for gasoline? \_\_\_\_

S1

15,000

2. If the government set the price of gas at $5.00

D1

this would be called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

And the Qd \_\_\_\_\_\_\_\_\_\_\_\_ Qs \_\_\_\_\_\_\_\_\_\_\_\_ which

would cause a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

3. If the government set the price of gas at $3.50

this would be called a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

And the Qd \_\_\_\_\_\_\_\_\_\_\_\_\_ Qs \_\_\_\_\_\_\_\_\_\_\_\_ which

would cause a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Quantity (Gallons)**

**SSEMI4**

* List the 3 forms of business organizations and give one advantage of one disadvantage of each.

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

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

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

- List the 4 types of market structures

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

- Which type of market structure is the most competitive? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- Which type of market structure is the least competitive? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- Which type of market structure has the most price setting power? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- Which type of market structure has many sellers, selling slightly differentiated goods, and a high level of competition? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- Which type of market structure has only a few sellers who are interdependent, and sometimes engage illegally in collusion? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Macroeconomics**

**SSEMA1**

* The total worth of all goods and services produced within a country’s borders during a given year is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* The formula for Gross Domestic Product is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_+\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_+\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_+\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = GDP

***\*\*Hint****: If any of these factors increase then GDP will increase and vice versa.*

* Unemployment is defined as…all people \_\_\_\_\_ years of age or older that \_\_\_\_\_\_\_ a job, but do not have a \_\_\_\_\_\_.
* CPI stands for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and it measures \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an increase in the overall prices of goods and services in an economy.
* Inflation is calculated by comparing a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from one year to a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in another year.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the condition where the GDP remains the same but the economy is still experiencing inflation.
* The overall demand for goods and services in an economy is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ demand.
* List the FOUR things that impact/shift aggregate demand.

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

If any of these four things increases then the aggregate demand will shift to the \_\_\_\_\_\_\_\_\_\_\_\_\_, and if any of these four things decreases then aggregate demand will shift to the \_\_\_\_\_\_\_\_\_\_\_\_\_.

* The overall supply of goods and services in an economy is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ supply.
* List the TWO things that impact/shift aggregate supply.

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

- List the 4 types of unemployment: 1. \_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_

When people are between jobs for ‘normal’ reasons like moving or just graduating they are experiencing

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment.

When people are being laid off because of a recession or depressed economy they are experiencing

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment.

When people are laid off because their skills no longer match the skills employers are looking for (ie: a

machine replaces your job) they are experiencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment.

When you are laid off because your job is only required for a certain time period you are experiencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment/

* Use the work bank below to label the business cycle.

**2007**

**2008**

**2009**

**2010**

**Time**

**U.S. GDP**

**$**

Peak Contraction Trough Recovery Expansion

* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is defined as contraction in the GDP for a period of 6 consecutive months or more.
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a prolonged period of economic contraction and recession.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the amount of debt that a country accumulates over the course of 1 fiscal year.
  + If a country spends more revenue that it brings in over the course of one year they have a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
  + If a country makes more revenue than it spends over the course of one year they have a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
  + And, if a country spends just as much revenue as it brings it then it has a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the total amount of debt that a country accumulates over the course of many years.

**SSEMA2**

* List the 3 major branches of the Federal Reserve Bank (The Fed).

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

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refers to **The Fed.’s** ability to control the nation’s money supply in order to promote price stability, full employment, and economic growth.

- List the 4 tools that the Fed. uses to control the money supply.

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

- If the country is in a recession or experience contraction in our GDP, which type of monetary policy would we expect the Fed. to implement? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- If the country is experiencing high rates of inflation, which type of monetary policy would we expect the Fed. to implement? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- How would the Fed. use their 4 tools under the following conditions?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Open Market Operations | Discount Rate | Reserve Requirement | Interest on Excess Reserves |
| Expansionary Monetary Policy |  |  |  |  |
| Contractionary Monetary Policy |  |  |  |  |

**SSEMA3**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refers to how the government uses their power to promote price stability, full employment, and economic growth.
* List the 2 tools of fiscal policy.

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

- How would the government use their 2 tools under the following conditions?

|  |  |  |
| --- | --- | --- |
|  | Taxes | Government Spending |
| Expansionary Fiscal Policy |  |  |
| Contractionary Fiscal Policy |  |  |

**International Economics**

**SSEIN1**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when one country can produce a good/service at a lower opportunity cost than another country.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when one country can produce more of a good/service using the same amount of resources.

***\*\*Hint****: Remember that comparative advantage is the basis for successful international trade. It relies on the concept of specialization. Ex: If country A will focus on producing cheese and country B will focus on producing peanuts, they can then trade, and both countries will end up with more of both than if they tried to make cheese and peanuts themselves.*

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refers to the total record of imports and exports that are traded between nations.
* \_\_\_\_\_\_\_\_\_\_ refers to exports greater than import. When exports is less than imports it is \_\_\_\_\_\_\_\_\_\_\_.

**SSEIN2**

Barriers to Trade

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when a country charges another country tax on imported goods
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when a country places a limit on the amount of a good that can be imported
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when a country forbids any trade with a particular country, usually for political reasons
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when a country implements laws that prohibit importing certain kinds of goods, usually for safety reasons
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when a country offers money or resources at a reduced cost to an industry in order to give them an advantage in international trading.
* When a country implements barriers to trading they are changing the number of sellers in the market which ultimately reduces the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the good, thus causing the \_\_\_\_\_\_\_\_\_\_ to rise.
* When country erects barriers to trade it is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ because domestic businesses are being protected from foreign competition.
* Lower prices, better quality, and improved international relations are (benefits OR costs) of free trade.
* Protecting domestic business, preventing outsourcing of jobs, and decreasing dependency on foreign goods are all arguments (for OR against) free trade?
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when two or more countries agree to engage in free trade with one another.
* List the 3 trading blocks from your standards.

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

**SSEIN3**

* When you define the price of one nation’s currency in terms of another nation’s currency you are stating the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Use the exchange rate table below to answer the following questions.

|  |  |  |
| --- | --- | --- |
|  | Currency Value  2010 |  |
| http://www.x-rates.com/img/flag/i/US.png | 1 |  |
| http://www.x-rates.com/img/flag/i/GB.png  GBP | [0.62](http://www.x-rates.com/d/GBP/USD/graph120.html) |  |
| http://www.x-rates.com/img/flag/i/CA.png  CAD | [1.09](http://www.x-rates.com/d/CAD/USD/graph120.html) |  |
| http://www.x-rates.com/img/flag/i/EU.png  EUR | [0.73](http://www.x-rates.com/d/EUR/USD/graph120.html) |  |
| http://www.x-rates.com/img/flag/i/AU.png  AUD | [1.41](http://www.x-rates.com/d/AUD/USD/graph120.html) |  |

* What is the strongest currency on the chart? \_\_\_\_\_\_\_ Which currency is the weakest? \_\_\_\_\_\_\_\_\_\_
* Who is helped by a strong dollar? 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Who is hurt by a strong dollar? 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What country should the US citizens travel to gain the most for their dollar? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What country should buy the most US exports? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Personal Finance**

**SSEPF1**

* People respond to positive and negative incentives in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ways.
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a rational decision making model that economists use to make decisions.

Fill in the **Cost-Benefit Chart** below. Choice: Where to go to college. Rate each choice 1 – 10 based on the criteria…1 being the worst and 10 being the best.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Criteria  Choices | Campus Life  (Parties etc.) | Student Housing | Size  (Number of Students) | Location | **Total** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**SSEPF2**

* Banks are institutions that channel funds from \_\_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Banks make money by charging \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Interest \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from investors is always higher than interest \_\_\_\_\_\_\_\_\_\_\_\_\_\_ by savers. This is how banks make money.
* What is the relationship between risk and return? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when you allow the government to borrow your money as an investment, and they promise to pay you back at a predetermined time with a predetermined amount of interest.
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when you purchase shares and become part owner of a company as a result.
* A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is when you diversify and put money into a combination of stocks and bonds all at the same time, thus reducing the amount of risk you are taking.

Fill in the pyramid below with investment options from the word bank that are consistent with risk and return. Low risk investments go towards the bottom and higher risk investments do towards the top.

Stocks Government Bonds Mutual Funds CD’s Savings Account Retirement Accts.

High Risk /

High Return

Low Risk /

Low Return

**SSEPF3**

* List 3 groups that are helped by inflation and 3 groups that are hurt by inflation.

Helped by Inflation Hurt by Inflation

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

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

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

- List the 3 types of Tax Systems and give an example of each

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

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

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

- What type of tax system always hurts a low income earner more than a high income earner? \_\_\_\_\_\_\_\_\_\_\_\_\_

- What type of tax is on property? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ How can it hurt low income groups?\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*gentrification

**SSEPF4**

* List the 3 C’s of credit.

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

- Between all of the different types of loans and credit, what type usually carries with it the highest rates of interest that have to be paid back? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is interest that is paid to an investor on the principal only; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is interest that is paid on the principal AND money earned in prior periods from interest already earned. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest always makes more than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**SSEPF5**

* List the 5 types of insurance listed in your standards.

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

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are what you have to pay in order to obtain an insurance policy.

- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are what you have to pay out of pocket even with insurance when you file a claim.

**SSEPF6**

* How are earnings of workers determined in the market place? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_ more \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ more.