



Economics Study Questions

Standard 12.1 Students understand common economic terms and concepts and economic reasoning.

1. Explain the following terms:
 - a. economic system
 - b. opportunity cost and opportunity benefit
 - c. marginal costs and marginal benefits
 - d. natural resources
 - e. externalities
2. What is the difference between a monetary and non-monetary incentive?
3. Define the concept of economic choice.
4. Why does scarcity exist?
5. Why do all economic systems have to answer the question of scarcity?
6. Who is Adam Smith and what is the concept of the *invisible hand*?
7. What are the traits of capitalism/market system?
8. What role does private property play in the allocation of resources?

Standard 12.2 Students analyze the elements of America's market economy in a global setting.

1. What is microeconomics?
2. What are the four factors of production and the payment that each receives?
3. How have the four factors of production contributed to the success of the U.S.?
4. What is the economic meaning of demand?
5. What is the law of demand?
6. Create and interpret a demand schedule and create and interpret a demand curve.
7. Identify four causes of a change in demand.
8. What is the profit motive?
9. What is the economic meaning of supply?
10. What is the law of supply?

11. Create and interpret a supply schedule and create and interpret a supply curve.
12. Identify causes of changes in supply.
13. Illustrate the circular flow of economic activity.
14. What is an equilibrium price?
15. What creates a shortage?
16. How do price ceilings and price floors affect equilibrium price?
17. What are the fundamental components of a perfectly competitive market?
18. How does domestic and international competition affect quality, quantity and prices of products?
19. What role does geography play in location of agricultural, industrial and retail facilities?

Standard 12.3 Students analyze the influence of the federal government on the American economy.

1. What are the legal and illegal aspects of a monopoly?
2. What is macroeconomics?
3. What is monetary policy?
4. What is the money supply?
5. What is the relationship between money supply and interest rates?
6. What is the federal government's role in banking regulation?
7. How do banks create money?
8. How does the federal government react to a recession or an expansion?
9. What is fiscal policy?
10. Describe the three types of taxes.

Standard 12.4 Students analyze the elements of the U.S. labor market in a global setting.

1. What is the role of labor unions in the United States?
Explain the following terms:
 - a. Collective bargaining
 - b. Injunction
 - c. Taft Hartley
 - d. Wagner Act
 - e. Strike
 - f. Yellow dog contract
2. What are the four types of unemployment and how do they describe the current economy and labor market?

3. Analyze unemployment rates with given data.
4. How does the international mobility of capital and labor affect the U.S. economy?

12.5 Students analyze the aggregate economic behavior of the U.S. economy

1. Define Gross Domestic Product (GDP) as stated in the text.
2. Define per capita GDP.
3. Differentiate between current and constant GDP.
4. Identify limitations to GDP.
5. What is inflation?
6. What are the effects of inflation on consumers and producers?
7. What is the Consumer Price Index (CPI)?
8. What groups are most affected by inflation and which groups are least affected by inflation?
9. What is the significance of short-term and long-term interest rates?

12.6 Students analyze issues of international trade and explain how the U.S. economy affects, and is affected by, economic forces beyond the borders of the United States.

1. Calculate currency value with current exchange rates of selected countries.
2. Examine U.S. trade agreements from the Great Depression to the present.
3. What is the current policy on the U.S. trade deficit?
4. What is the impact of international competition?
5. What is the function of the World Bank?
6. How does the changing of political boundaries and sovereignty impact the global economy?