**Economics Final Exam Study Guide Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Hour: \_\_\_\_\_\_\_\_\_**

**Directions: Answer questions in complete sentences.**

**Making Choices**

1. What are the similarities and differences between trade-off and opportunity cost?
2. What are goods and services? Be able to identify goods and services.
3. What are economic resources?
4. What is the difference between natural, capital and human resources?
5. What is the difference between producers and consumers?
6. How does scarcity affect the choices we make?

**Types of economic systems**

1. What are economic systems?
2. What are the pros and cons of traditional economic systems?
3. What are the pros and cons of market economic system?
4. What are the pros and cons of command market system?
5. How are the economic questions of What, HOW and WHO answered in each system?
6. What is a mixed market economy?
7. What are the means of production? Who own the means of production in each system?

**The US Free Enterprise System**

1. What are the six main principles of the free enterprise system?
2. What makes the United States a mixed market economy?
3. What is the role of the government?
4. What is the circular flow model?
5. What are the roles of businesses, government and households in the circular flow model?
6. What are the 7 goals of the free enterprise system? Explain each one.

**Demand & Supply**

1. What are the differences between demand and supply?
2. What does the demand curve look like?
3. What does the supply curve look like?
4. How does price determine demand?
5. How does price determine supply?
6. How does demand shift if it increases/decreases?
7. How does supply shift if it increases/decreases?
8. Why is price important in a market economy?
9. What is elasticity of demand?

**Money & Banking**

1. What are the three roles of money? How is money used?
2. What are the different types of money?
3. What are the different parts of a check?
4. Why is check safer than paper money?
5. What is a monetary unit?
6. What kinds of services do banks provide?

**The Value of Money**

1. What is inflation?
2. What is deflation?
3. How does CPI determine inflation?
4. How does inflation affect people?

**Sole Proprietorship & Partnership**

1. What are the differences between a sole proprietorship and a partnership?
2. What are the parts of a business plan?
3. Describe each part of a business plan.

**Define Important Vocabulary Words:**

* Economics
* Needs
* Wants
* Goods
* Services
* Opportunity Cost
* Trade off
* Scarcity
* Demand
* Supply
* Law of Demand
* Law of Supply
* Business Plan
* Coins
* Paper Money
* The FED
* Elastic
* Inelastic

**/ 70 formative points**