Economics

Mid Term Exam

Review Guide

Tuesday, January 21, 7:30-9:00 Room 108

Approximately 120 Multiple Choice Questions

**Notes from Chapter 1:**

* economics
* economic perspective
* opportunity cost
* utility
* marginal analysis
* scientific method
* economic principle
* other-things-equal assumption
* macroeconomics
* aggregate
* microeconomics
* positive economics
* normative economics
* economizing problem
* budget line
* economic resources
* land
* labor
* capital
* investment
* entrepreneurial ability
* factors of production
* consumer goods
* capital goods
* production possibilities curve
* law of increasing opportunity costs
* economic growth

**Notes From Chapter 2:**

* economic system
* command system
* market system
* private property
* freedom of enterprise
* freedom of choice
* self-interest
* competition
* market
* specialization
* division of labor
* medium of exchange
* consumer sovereignty
* dollar votes
* “invisible hand”
* circular flow diagram
* resource market
* product market

**Notes From Chapter 3:**

Demand

Demand schedule

Law of demand

Diminishing marginal utility

Income effect

Substitution effect

Demand curve

Determinants of demand

Normal goods

Inferior goods

Substitute good

Change in demand

Change in quantity demanded

Supply

Supply schedule

Law of supply

Supply curve

Determinants of supply

Change in supply

Change in quantity supplied

Equilibrium price

Equilibrium quantity

Surplus

Shortage

Productive efficiency

Allocative efficiency

Price ceiling

Price floor

**Notes From Chapter 4:**

Functional Distribution of Income

Personal Distribution of Income

Duarable goods

Nondurable goods

Services

Plant

Firm

Industry

Sole proprietorship

Partnership

Corporation

Stock

Bond

Limited liability

Principal-agent problem

Monopoly

Externality

Negative externalities

Positive externalities

Public goods

Free-rider problem

Quasi-public goods

Government purchases

Transfer payments

Personal income tax

Marginal tax rate

Average tax rate

Payroll taxes

Corporate income tax

Sales and excise taxes

Property taxes

**Notes from Chapter 5:**

Comparative Advantage

Terms of trade

Foreign exchange market

Exchange rates

Depreciation

Appreciation

Protective tariffs

Import quotas

Trade bloc

Euro