**Review Guide for Economics (Semester 2)**

This is a review guide to *help* you study—it is **not** an answer key. If you have been taking notes, annotating, and paying attention in class, this exam should be relatively straight forward. Study groups are helpful, but become burdensome when their size increases to more than 4 people. With diligent application and prudence, you should succeed.

The test will consist in multiple choice questions, true or false, matching,

Be familiar with the content of the readings from class. List of Readings for Quarter 3: Basic Economics; I Pencil, President Obama’s 2016 State of the Union Address

Major Themes:

Prices and Markets; Industry and Commerce; Work and Pay; Time and Risk; The National Economy; The International Economy; Myths about Markets.

Be familiar with the following terms and ideas (using examples will help your memory) : productivity; scarcity; the general role of economics; resource allocation; incremental substitution; demand vs need; real value; competition; scarcity vs shortage; cause and effect; systemic causation; complexity and causation; profits; middlemen; monopoly; regulatory commission; benefits and costs of anti-trust laws; pay differences; labor laws; employer organizations; labor unions; exploitation; financial investments; “unearned income;” investment and allocation; speculation; present value; natural resources; stocks v bonds; risk and time; risk and diversification; human capital; insurance; moral hazard/adverse selection; gov. regulation of insurance; “government” insurance; national output; fallacy of composition; GNP; GDP; inflation; deflation; the role of banks; fractional reserve banking; corruption in gov.; property rights; gov. as the framework of laws; social order; tax rates; tax revenues; incidence of taxation; local taxation; government bonds; government expenditures; costs vs expenditures; benefits vs net benefits; government budgets; government obligations; market failure; government failure; absolute advantage; comparative advantage; economics of scale; high wage fallacy; infant industries; national defense; dumping; restrictions on international trade; international investments; remittances; emigrants and immigrants; imperialism; foreign aid; navigable waterways; mountains; animals; location; cultures; cultural isolation; cultural development; population size; population movements; different prices for the same thing; “reasonable or affordable” prices; brand names; non-profit organizations.

We will prep for the exam in the upcoming classes; feel free to ask questions in class or email me.