

The first FiFo test will be a combination of multiple-choice, true-false, matching, short answer and essay questions. Topics will include those covered in handouts, articles, group activities, and class discussions. In order to be successful on the test, you should be able to: **define** the terms below and **understand** how they relate to everyday life; **apply** these economic concepts to given situations; and **explain** and **justify** your ideas.

What is Economics?

Guide to Economic Reasoning

Scarcity & Abundance

Opportunity Cost

Alternatives, Choices, Tradeoffs

Cost-Benefit Analysis; Comparative vs. Marginal Cost-Benefit Analysis

Utility, Law of Diminishing Marginal Utility (Marshmallow Marginalism)

Rules & Incentives (Rules → Incentives → Choices)

Perverse Incentives (Unintended Consequences)

Intrinsic Rewards, Extrinsic Rewards

Questions Each Society Must Ask

Economic Systems (Types and Differences)

Broad Social Goals of Economic Policy (6 Goals)

Production Possibilities Frontier (PPF)

Benefits of Trade & Specialization; Social Cooperation

Absolute Advantage & Comparative Advantage

EXTRA CREDIT

Get 25 points extra credit if you turn in written definitions for these terms before the test!