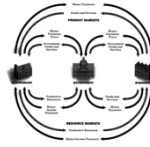


The third economics test is coming up. This test will have a combination of multiple choice, true/false, matching, and essays. The emphasis once again will be on the application of concepts that we covered in class discussions, worksheets, activities, and group projects. You should feel comfortable with ALL of the concepts listed below.

The Circular Flow (know how to draw it!)

- Households, Businesses, Government
- Resource Markets, Product Markets



Six Characteristics of a Market Economy (know what each one means and why it's important)

- Self-Interest & Profits
- Free Enterprise
- Private Property
- Competition
- System of Markets and Prices – Supply & Demand
- Limited Government

What is a Market? Market vs. Command Economy

Benefits of Competition (to consumers and producers)

Self-Interest, The Invisible Hand & Adam Smith

Market System Values

- Discipline
- Honesty and Trust
- Tolerance
- Cooperation
- Courtesy
- Enterprise

Supply & Demand

- Supply and Demand (how this works in a market economy)
- Prices (how they act as signals to consumers)
- Market Allocation (how consumers & producers work TOGETHER to determine the products bought and sold in a market economy)

Productivity

- How does scarcity apply to businesses?
- What is productivity? How might you measure productivity in your own life?
- Why is productivity important to both businesses and workers? Think about jobs you may have had as examples of productivity's impact.
- What is specialization? How does specialization increase productivity?

Business Strategies

- Low Cost, Differentiation, Combination
- Use celebrities, testimonials, sales, commercials, creative advertising, humor, fear...

Business Organization

- What are the different ways that you can set up a business?
- Sole Proprietorship, Partnership, Corporation
- Benefits/drawbacks of each