

Fundamental Economic Concepts Unit Test Review Sheet

Chapter 1 Basic Economic Concepts

- The definition of economics
- consumer goods
- producer or capital goods
- process of production
- land
- labor
- capital
- entrepreneurship
- trade offs
- opportunity costs
- Production possibilities curve
- Adam Smith's Concept of the Division of Labor
- Adam Smith's concept of laissez faire
- The free enterprise system

Chapter 2 Economic Systems

- Traditional economy
- Market Economy
- Command Economy
- Basic principles of capitalism
- The role of entrepreneurs in a market economy

- consumer sovereignty in a market economy

Chapter 3 Forms of Business

- proprietorships
- partnerships
- corporations
- The difference between corporations and proprietorships
- Net income or profits
- Stock
- Shareholder or stockholder
- The stock market
- The Dow Jones Industrial Average
- The relative risks and rewards of Stocks, Bonds, Certificates of Deposits and Savings accounts
- Non profit companies
- Cooperatives
- Labor Unions
- Collective Bargaining
- The role of government in a mixed market economy

Graph and Chart Interpretation

- Production Possibilities Graph
- Chart on Forms of Business
- Graph of the Stock Market
- Pyramid of Risk