

AP Economics Final Exam Study Sheet v2010 (Mankiw)

- 1-0 Economics deals primarily with the concept of?
- 1-1 Economists use the word *equity* to describe...?
- 1-1 What you give up to obtain an item is called your
- 1-1 A furniture maker currently produces 100 tables per week and sells them for a profit. She is considering expanding her operation in order to make more tables. Should she expand?
- 1-1 Rational people make decisions at the margin by...?
- 1-2 The term market failure refers to...?
- 1-2 An example of an externality?
- 1-3 Productivity is defined as?
- 1-3 An increase in the overall level of prices in an economy is referred to as?
- 2-1 Which of the following items is *not* a factor of production?
- 2-1 Which markets are represented in the simple circular-flow diagram?
- 2-1 Production is efficient if the economy is producing at a point....?
- 2-1 (**Production Possibilities Graph**). The economy has the ability to produce at which point or points?
- 2-1 A production possibilities frontier shifts outward when...?
- 3-3 Trade can make everybody better off because it...?
- 4-1 For each good produced in a market economy, the interaction of demand and supply determines...?
- 4-1 A *competitive market* is a market in which...?
- 4-1 A monopoly is...?
- 4-2 A likely example of complementary goods for most people would be...?
- 4-2 A likely example of substitute goods for most people would be...?
- 4-2 The law of demand says...?
- 4-2 (Demand Graph)** The movement from point A to point B on the graph would be caused by...?
- 4-2 An *increase in demand* is represented by...?
- 4-3 According to the law of supply...?
- 4-3 If the number of sellers in a market increases, what conditions would you expect?
- 4-3 (Supply Graph)** The movement from S to S_1 is called?
- 4-3 (Supply Graph)** The movement from S to S_1 could be caused by?
- 4-4 The unique point at which the supply and demand curves intersect is called...?
- 4-4 (Supply and Demand Graph)** Equilibrium price and quantity are?
- 4-4 (**Supply and Demand Graph**) Determine price and quantity
- 4-4 (Four different Supply and Demand Graphs)** Which of the four graphs represent the market for peanut butter after a major hurricane hits the peanut-growing south?
- 4-4 (**Four different Supply and Demand Graphs**) Which of the four graphs represents the market for winter coats as we progress from winter to spring?
- 4-4 (Four different Supply and Demand Graphs)** Which of the four graphs illustrates an increase in quantity supplied?
- 4-4 During the last few decades in the United States, health officials have argued that eating too much beef might be harmful to human health. As a result, there has been a significant decrease in the amount of beef produced. Which of the following best explains the decrease in production?
- 5-0 In general, *elasticity* is a measure of...?
- 5-1 If demand is inelastic, then...?
- 5-1 Holding all other forces constant, when the price of gasoline rises, the number of gallons of gasoline demanded would fall substantially over a ten-year period because...?
- 6-1 A price ceiling...?
- 6-1 A legal minimum price at which a good can be sold is...?
- 6-1 A price ceiling is *binding* when?
- 6-2 Revenue from the Federal Insurance Contribution Act (FICA) tax is used to..?
- 6-2 In general, a tax burden falls more heavily on the side of the market that ...?
- 7-1 Consumer surplus is...?

- 7-2 Producer surplus is...?
- 7-3 (Supply and Demand Graph)** Which area represents consumer surplus when the price is P_1 ?
- 7-3 (Supply and Demand Graph)** Which area represents producer surplus when the price is P_1 ?
- 9-1 A tax on an imported good is called?
- 9-1 Trade among nations is ultimately based on...?
- 9-3 Which of the following arguments for trade restrictions is often advanced?
- 9-3 The infant-industry argument is ...?
- 9-3 The North American Free Trade Agreement is...?
- 10-1 A patent is used to...?
- 11-1 An example of a natural monopoly.
- 11-2 A free rider is a person who...?
- 12-1 The largest source of revenue for the federal government is?
- 12-1 A budget deficit is...?
- 12-1 When government receipts exceed total government spending during a fiscal year, the difference is ...?
- 12-1 As government debt increases...?
- 12-3 The benefits principle of taxation can be used to argue that wealthy citizens should pay higher taxes than poorer ones on the basis that...?
- 12-3 The argument that each person should pay taxes according to how well the individual can shoulder the burden is called...?
- 12-3 Which tax system requires higher-income taxpayers to have lower tax rates, even though they pay a larger amount of tax when compared to lower-income taxpayers?
- 12-3 Which tax system requires higher-income taxpayers to pay a higher percentage of their income in taxes?
- 13-1 Profit is defined as...?
- 13-1 Economists normally assume that the goal of a firm is to...?
- 13-4 (Short Run and Long Run Cost Curves)** Which curve represents the long-run average total cost?
- 13-4 (Short Run and Long Run Cost Curves)** This firm experiences diseconomies of scale at what output levels?
- 14-1 In a competitive market, the actions of any single buyer or seller will...?
- 15-4 The collection of statutes aimed at curbing monopoly power is called...?
- 15-4 Concerning public utilities, the stated reason for resorting to regulation of a monopoly, rather than promoting competition through antitrust, is that the industry in question is believed to be a...?
- 18-1 The factors of production are best defined as the...?
- 19-1 When the supply of workers is plentiful, one would predict that market wages would be...?
- 20-3 Economists who support minimum-wage legislation are likely to believe that the...?
- 23-0 Which of the following statistics is usually regarded as the best single measure of a society's economic well-being?
- 23-4 A *recession* is a period during which...?
- 24-0 The consumer price index is used to...?
- 25-1 A nation's standard of living is measured by its...?
- 25-2 Human capital is the...?
- 26-1 When opening a restaurant you may need to buy ovens, freezers, tables, and cash registers. Economists call these expenditures...?
- 26-1 Institutions in the economy that help to match one person's saving with another person's investment are collectively called the...?
- 26-1 The prices of stock traded on exchanges are determined by...?
- 26-1 Stock indexes are...?
- 26-1 Profits paid out to stockholders are...?
- 28-1 The natural rate of unemployment is ...?
- 28-1 Cyclical unemployment refers to?
- 29-1 Changes in the quantity of money affect...?
- 29-1 Liquidity refers to...?
- 29-1 Which type of currency has intrinsic value??
- 29-1 What is M1?

- 30-1 The supply of money is determined by...?
- 30-1 The velocity of money is...?
- 31-1 Foreign-produced goods and services that are sold domestically are called...?
- 31-1 Net exports of a country are the value of...?
- 34-1 In the short run, an increase in the money supply causes interest rates to...?
- 34-1 What is the Federal Funds Rate?
- 34-2 The government buys a bridge. The owner of the company that builds the bridge pays her workers. The workers increase their spending. Firms that the workers buy goods from increase their output. This type of effect on spending illustrates...?
- 35-1 In the long run, the inflation rate depends primarily on...?
- 35-2 How would a decrease in the natural rate of unemployment affect the long-run Phillips curve?
- 35-3 When there is an adverse supply shock...?
- 36-1 If the unemployment rate rises, which policies would be appropriate to reduce it?
- 36-1 The Federal Reserve will tend to tighten monetary policy when...?