

Review: Concepts and Definitions

Econ 151 Sec. 18 and 19

The Nature and Method of Economics

economy
economics
scarcity
choice
factors of production
specialization
exchange

free vs. economic goods
theory, models, principles laws
positive economics
normative economics
why do economists disagree?
economic goals

The Economizing Problem

Can you manipulate a PPC? Can you make decisions that incorporate opportunity cost?

marginal analysis
explicit costs
implicit costs
full employment
full production

opportunity cost
sunk (fixed) costs
productive efficiency
allocative efficiency
PPF or PPC

Pure Capitalism and the Market System

markets
freedom
private property
democracy
growth

role of govt
comparative advantage
medium of exchange
functions of markets
invisible hand

Understanding Individual Markets: Demand and Supply

This whole chapter should be known backwards and forwards.

demand
effective demand
law of demand
relative prices
demand schedule
demand curve
determinants of demand
quantity demanded vs. demand
supply
law of supply
supply schedule
supply curve

quantity supplied vs. supply
determinants of supply
equilibrium
shortage
excess quantity demanded
surplus
excess quantity supplied
normal goods
inferior goods
substitutes
complements

Minimum Wages and Rent Controls (price floors and price ceilings)

price floor	rationing function
price ceiling	allocative function
“binding”	

Elasticities

calculating a percentage	inelastic
elasticity	unitary elastic
price elasticity of demand	perfectly elastic
cross price elasticity of demand	perfectly inelastic
price elasticity of supply	elasticity and total revenue
income elasticity of demand	arc price elasticity
elastic	point price elasticity

Taxes

consumer burden	proportional
supplier burden	progressive
regressive	efficiency loss