

Exam 1 Review Sheet, Econ 201, Spring 2024

Chapter 1

Definitions	Analysis
Scarcity	Applying opportunity cost reasoning
Economics	Thinking about choices as marginal choices
Opportunity cost	Identifying questions as micro or macroeconomic
Market	Identifying questions as positive or normative
Economy	Understanding the slope of PPF (opportunity cost)
Model	Understanding being inside/on/outside PPF
Ceteris paribus	Explaining changes in shape or area of PPF
Production possibilities frontier	
Economic growth	
Standard of living	
Incentive	
Positive economics	
Normative economics	
Microeconomics	
Macroeconomics	

Chapter 2

Definitions	Analysis
Factors of production	Identifying factors of production
Land	Differentiating between basic business ownership structures
Labor	Explain the central message of the circular-flow diagram
Capital	Trace the routes of transactions/trades in circular-flow
Entrepreneurship	Explain the meaning of Pareto efficiency
Household	Identify situations of Pareto inefficiency
Firm	Distinguish among basic economic systems
Sole Proprietorship	
Partnership	
Corporation	
Stock	
Shareholders	
Dividends	
Limited liability company (LLC)	
Government	
Transfer payments	
Circular-flow diagram	
Factor markets	
Product markets	
Efficient (efficiency)	
Traditional economy	
Market (capitalist) economy	
Command economy	
Communism	
Socialism	

Mixed Economy

Chapter 3

Definitions	Analysis
Demand schedule	Draw demand curves from demand schedules
Utility	Distinguish between change in demand and change in quantity
Marginal utility	5 causes of demand shifts
Diminishing marginal utility	Identifying and measuring consumer surplus
Demand curve	
Demand	5 shifts:
Change in demand	Demographics (# consumers), income, com/sub prices,
Movement along demand curve	expectations (income, price, com/sub), information (tastes)
Substitutes in consumption	
Complements in consumption	
Consumer surplus	

Chapter 4

Definitions	Analysis
Supply schedule	Draw supply curves from supply schedules
Supply curve	Distinguish between change in supply and change in quantity
Marginal cost	5 causes of supply shifts
Law of supply	Identifying and measuring producer surplus
Movement along supply curve	
Change in supply	5 shifts:
Substitutes in production	tech, input price, con/sub in production, expectations, # of firms
Complements in production	
Producer surplus	