Asset

Something of monetary value owned by an individual or organization.

CORE CONCEPT CARDS

Bond

A certificate of indebtedness issued by a government or publicly held corporation, promising to repay borrowed money at a fixed rate of interest and at a specified time.

CORE CONCEPT CARDS

Budget Deficit

CORE CONCEPT CARDS

Referring to national budgets, it occurs when government spending is greater than government income in a given year.

Business Cycle

CORE CONCEPT CARDS

A period during which production or economic activity expands, then contracts for several quarters or more, and then expands again; usually measured by real gross domestic product (GDP).

Central Banking System

A nation's central bank that is established to regulate the money supply and oversee the nation's banks. The Federal Reserve is the central bank of the United States

Collateral

Something of value (often a house or car) pledged by a borrower as security for a loan. If the borrower fails to make payments on the loan, the collateral may be sold by the lender to pay the debt.

Command Economy

CORE CONCEPT CARDS

An economy in which most economic issues of production and distribution are resolved through central planning and control.

Comparative Advantage

CORE CONCEPT CARDS

The ability of a producer or a country to produce a good or service at a lower opportunity cost than some other producer or country.

Compound Interest

Interest that is earned not only on the original sum but also on the interest accumulated.

Consumer Price Index

A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period.

Credit Report

CORE CONCEPT CARDS

A report about a person's credit history, including his or her ability and willingness to repay debts, based on how reliably he or she has repaid debts in the past.

Deflation

CORE CONCEPT CARDS

A sustained period of decrease in the average price level of all goods and services produced in the economy.

Discount Rate

CORE CONCEPT CARDS

The percentage rate used to calculate the present value of an investment. The "required discount rate" is the rate of return required by the investor.

Dividend

CORE CONCEPT CARDS

A share of the company's net profits paid to stockholders.

Economic Growth

CORE CONCEPT CARDS

The percentage increase in real output as measured by real GDP or per capita real GDP.

Economic Way of Thinking

CORE CONCEPT CARDS

A reasoning process that involves considering opportunity costs as well as benefits in making decisions.

Equilibrium Price

The price at which the quantity demanded by buyers equals the quantity supplied by sellers.

CORE CONCEPT CARDS

FDIC

Federal Deposit Insurance Corporation; a federal agency that regulates banks and guarantees depositors' savings up to $250,000 per account in most commercial banks, savings banks and savings associations.

CORE CONCEPT CARDS

Factors of Production

Productive resources required to produce the goods and services that people want, such as natural resources, human resources, capital goods and entrepreneurship.

CORE CONCEPT CARDS

Federal Reserve Discount Rate

The interest rate the Federal Reserve charges commercial banks for loans.

CORE CONCEPT CARDS

Fiscal Policy

CORE CONCEPT CARDS

Decisions about spending and taxation levels by the federal government made to promote full employment and output or reduce inflation.

Gross Domestic Product

CORE CONCEPT CARDS

The market value of all final goods and services produced in a country in a calendar year.

Human Capital

A person's health, education, experience, training, skills and values.

Income Tax

Payment made by individuals and corporations to the federal government (and to some state and local governments) based on earned and unearned income received.

Inflation

CORE CONCEPT CARDS

A rise in the general or average price level of the goods and services produced in an economy.

Insurance

CORE CONCEPT CARDS

An arrangement whereby a company provides a guarantee of compensation for specified forms of loss, damage, injury or death. People pay premiums to buy insurance policies.

Labor Force

The people in a nation who are 16 or over and are employed or actively looking for work.

CORE CONCEPT CARDS

Liability

Responsibility for a debt or payment.

CORE CONCEPT CARDS

Market Economy

Economy that relies on a system of interdependent market prices to allocate goods, services, and productive resources and to coordinate the diverse plans of consumers and producers.

Monetary Policy

Changes in the supply of money and the availability of credit initiated by a nation's central bank to promote price stability, full employment and reasonable rates of economic growth.

Money Supply

Currency in the hands of the public plus the public's demand deposits at financial institutions.

National Debt

The total amount owed by the national government to those from whom it has borrowed to finance the accumulated difference between annual budget deficits and annual budget surpluses.

Net Worth

The current value of a person's assets minus liabilities.

CORE CONCEPT CARDS

Open Market Operations

The buying and selling of government bonds by the Federal Reserve which affects interest rates, bank reserves and the money supply.

CORE CONCEPT CARDS

Productivity

CORE CONCEPT CARDS

The amount of output (goods and services) produced per unit of input (productive resources) used.

Rate of Return

CORE CONCEPT CARDS

Earnings from an investment, stated as a percentage of the amount invested.

Recession

CORE CONCEPT CARDS

A decline in the rate of national economic activity, usually measured by a decline in real GDP for at least two consecutive quarters (six months).

Reserve Requirements

CORE CONCEPT CARDS

The fraction of a bank's deposits that they are required by law to keep on hand or with the Federal Reserve.

Revenue

The money a business receives from customers who buy its goods and services.

CORE CONCEPT CARDS

Stock

An ownership share or shares of ownership in a corporation.

CORE CONCEPT CARDS

Stock Market

A market in which the public trades stock that someone already owns.

CORE CONCEPT CARDS

Tariff

A tax on an imported good or service.

CORE CONCEPT CARDS

Time Value of Money

The idea that a dollar received in the future has less value than a dollar received today because a dollar received today can earn interest over time.

CORE CONCEPT CARDS

Traditional Economy

An economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.

CORE CONCEPT CARDS

Core Concept Cards

Econ Review Quiz

Name:____ **Date:**____________________

1. **Stocks can sometimes pay:**

   A. discount rates
   B. dividends
   C. reserve requirements
   D. liabilities

2. **Which one is NOT a type of economy?**

   A. command
   B. production
   C. market
   D. traditional

3. **The letters in FDIC stand for:**

   A. Federal Deputy of Industrial Companies
   B. Federal Deposit Insurance Corporation
   C. Federal Discount on Income Capital
   D. none of the above

4. **The Gross Domestic Product increases during a recession.**

   True
   False

5. **Insurance policies can NOT pay for:**

   A. deflation
   B. loss of life
   C. property damage
   D. injury

6. **A person's human capital includes:**

   A. their health and values
   B. their education and training
   C. their experience and skills
   D. all of the above

7. A definition of inflation is…

A. when meat prices increase
B. when the price of goods increase
C. when beef prices increase
D. when the price of goods and services increase

8. Compound interest is related to the concept of the time value of money.

True
False

9. The job of the Federal Reserve is to:

A. regulate the money supply
B. oversee the nation's banks
C. serve as the bank for the U.S. government
D. all of the above

10. Fiscal policy is related to:

A. insurance
B. income taxes
C. collateral
D. credit reports

Core Concept Cards

Econ Review Quiz

Name:____ **Date:**___________________

1. **The U.S. economy is referred to as a:**

    A. market economy
    B. traditional economy
    C. command economy
    D. none of the above

2. **Costs and benefits are an important component of:**

    A. the labor force
    B. assets
    C. the economic way of thinking
    D. factors of production

3. **Comparative advantage is related to:**

    A. dividends
    B. trade
    C. time value of money
    D. insurance

4. **Productivity is NOT related to:**

    A. business cycle
    B. revenue
    C. Gross Domestic Product
    D. reserve requirements

5. **Which one is NOT a goal of monetary policy?**

    A. reasonable rates of economic growth
    B. low taxation levels
    C. full employment
    D. price stability

6. **Banks have reserve requirements so that:**

   A. they can increase profits
   B. they have enough money on hand for customers
   C. they can increase productivity
   D. all of the above

7. **The equilibrium price refers to:**

   A. the consumer price index
   B. supply and demand
   C. the money supply
   D. time value of money

8. **A tariff on an imported good or service can:**

   A. cause a recession
   B. decrease trade
   C. lower the discount rate
   D. increase trade

9. **To be counted as part of the labor force, you must be 21 or older.**

   True
   False

10. **Open Market Operations can affect the money supply.**

   True
   False