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Chapter 1 Terms		
Economics	The study of how a society chooses to use scarce resources to satisfy unlimited wants and needs.	
Microecon- omics	The study of a single factor of an economy - such as individuals, households, businesses, and industries	
Macroe- conomics	The study of the economy as a whole or one of its principal sectors	
Consumer	Individuals or groups that purchase and use goods to satisfy their wants and needs.	
Producer	Individuals or businesses that create goods and services to meet consumer demand.	
Goods	A tangible object or material that can be purchased to satisfy human wants or needs.	
Services	An intangible action or activity that is performed for a fee to satisfy human needs and wants.	
Resources	Anything used to produce goods or services	
Technology	Scientific and technical techniques used to produce existing products more efficiently or of higher quality	
Entrepren- eurship	The organizational abilities and risk taking involved in starting a new business or introducing a new product to consumers	
Scarcity	The fundamental condition of economics that results from the combination of limited resources and unlimited wants.	
Specializ- ation	The focus of a worker on only one or a few aspects of production in order to improve efficiency	
Money	Any item, typically currency, that is commonly accepted in exchange for goods, services, or settling debts.	
Credit	A form of exchange that allows consumers to use items with a promise of repayment over a specified time	

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Chapter 4 T	erms
Law of Supply	As the price of a good increases, the quantity supplied increases, and vice versa
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Cost of Production	The total cost of materials, labors, and other inputs required in the manufacture of a product
Тах	A required payment to a local, state, or national
	government, usually made on some regular basis
Law of Dimini- shing Returns	The principle that as more of one input is added to a fixed supply of other resources, productivity will increase up to a point, after which the marginal product will diminish
Marginal Cost	The cost of producing one additional unit of output
Chapter 6 T	erms
Monopoly	A market in which a somgle seller exercises exclusive or nearly exclusive control over a particular good or service
Oligopoly	A market in which a few large sellers control most of the production of a good or service
Collusion	An effort by producers or sellers of a particular product to secretly set production levels or prices
Cartel	A group of producers or sellers of a certain good or service who unite to control prices, output, and market share
Antitrust Legisl- ation	Federal and state laws that regulate big business and labor unions to prevent or dismantle monopolies
Product	An attempt by a seller in monopolistic competition to
Different-	convince buyers that its product is different from and
iation	superior to the nearly identical products of competitors



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Chapter 2 Terms		
Traditional Economy	An economy in which production is based on customs and traditions.	
Market Economy	An economy in which the government has little to say in what, how, and for whom goods are produced and in which the factors of production are owned by individuals	
Market	The free exchange of goods and services	
Mixed Economy	An economy that combines elements of the tradit- ional, market, and command economic models	
Democratic Socialism	An economic system in which some means of producing and distributing goods are owned or controlled by an elected government	
Captitalism	A market-based economic system in which indivi- duals own and control the factors of production	
Communism	An economic system in which the government owns or controls nearly all factors of production	
Free Enterprise	A system in which private business operates with minimal government involvement	
Private Property	Property that is owned by individuals or businesses , rather than by the government	
Income	Money received, especially on a regular basis, for working or through investments	
Standard of Living	People's economic well-being as determined by the quantity of goods and services they consume in a given time period.	

Chapter 3 Terms (cont)		
Substi- tution Effect	Consumers' tendency to substitute a lower-priced good for a similar, higher-priced one	
Demand Curve	A graphic representation of a demand schedule, showing the relationship between the price of an item and the quantity demanded during a given time period.	
Elasticity of Demand	The degree to which changes in price of a good or service affect quantity de,amded	
Chapter 5	Terms	
Market Failure	A flaw in a price system that occurs when some costs have not been accounted for and therefore are not properly distributed	
Market Equili- brium	The point at which the quantity demanded and the quantity supplied for a product are equal at the same price	
Surplus	When the quantity supplied exceeds the quantity demanded at a given price	
Shortage	When the quantity demanded exceeds the quantity supplied at a given price	
Price Ceiling	A government regulation that sets a maximum price for a particular good	
Rationing	A system by which a government or other institution decides how to distribute a good service; rationing is usually the result of limited supply	

Chapter 3 Terms

Law of	As the price of a good decreases, the quantity
Demand	demanded increases, and vice versa
Income	The effect that a change in an item's price has on
Effect	consumers' ability to purchase goods.

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