

## Unit 3 Study Guide

Directions: *You should be able to identify and explain all of the following terms/concepts.*

### **Chapter 7 Terms and Concepts:**

- Know the difference between the types of market structures (perfect competition, monopolistic comp, oligopoly, monopoly) and what components create those differences (# of buyers, product type, ease of entry into market, price control).
- What is market power?
- What is price discrimination? What market structure uses it the most?
- Explain what anti-trust laws are.
- How does deregulation cause the market structure to change?
- What is role of the government in the market structures?

### **Chapter 8 Terms and Concepts:**

- Explain the difference between the three main types of business structures (sole proprietorship, corporation, partnership).
- Explain how you enter into one of the following business structures and who is responsible for liability: sole proprietorship, corporation, partnership.
- Explain how the following business structures make money and pay taxes: sole proprietorship, corporation, partnership.

### **Chapter 14 Terms and Concepts:**

- Be able to explain the following terms: revenue, taxable income, discretionary/mandatory spending, withholding, deficit spending
- Explain the big three spending categories for mandatory government revenue/spending.
- Explain the one big category for discretionary spending.
- Where does Congress get the power to tax? Who has to create tax bills?

### **Chapter 15 Terms and Concepts:**

- Describe what fiscal policy is and the two components that make it up.
- How does fiscal policy work?
- What are aggregates (demand/supply)?
- What is LRAS? What it is also known as?
- Explain the use of expansionary policy.
- Explain the use of contractionary policy.
- What makes Keynesian Economics so different than anything else (do you understand the power of Keynesian Economics?).
- What is the National Debt, deficit?
- Explain the Laffer Curve and how it is related to Keynesian Economics.

**Unit 3 Charts to Know:**

- Know what these curves are and what they mean AND BE ABLE TO GRAPH THEM!!!
- Be able to tell me what all the acronyms mean. (AD, AS, LRAS, FE, Y, GDP, PL)
- Know the what kind of “gaps” are formed with expansionary/contractionary policies
- How does fiscal policy effect these graphs?
- What are the four components to AD (hint: C+I+G+Xn)
- How does the Laffer Curve relate to Government involvement in the economy?

