

ECONOMICS FINAL EXAM

Your final exam must be typed and submitted by **7:35 AM on Thursday, January 19, 2006**. No late finals will be accepted. Total points possible: **75**.

Vocabulary

Directions: Define each of the following terms in your own words. Your definition should be written in complete sentences using standard written English. Be sure to number and label each term. (**2 points each**).

1. Supply:
2. Demand:
3. Law of Supply and Demand:
4. Scarcity:
5. Marginal Cost:
6. Socialism:
7. Market economy:
8. Command economy:
9. Collective bargaining:
10. Modified union shop:
11. AFL-CIO:
12. Corporation:
13. Monopolistic competition:
14. The Fed:
15. Dow Jones Industrial Average:
16. Gross domestic product:
17. Inflation:
18. Common stock:
19. Limited partner:
20. Form 1040:

Short Answer

Directions: Respond to each of the following prompts in paragraph form. Each prompt includes expected length and point value.

21. What is economics? Answer as though explaining it to a friend. Your answer should be one paragraph long (**5 points**).

22. You open a case of Dr. Pepper and find on the game piece inside that you just won \$20,000 in their latest promotion. The only catch is that you cannot spend any of the money for 1 year. After that, you may spend \$2,000 per year (if you choose to), until the money is spent. After 10 years, you can spend any or all of it at any time. How will you manage the money? Your answer should be either 2 paragraphs long, or should include a table showing your plan along with one paragraph explaining the table (**10 points**).

Essay

Directions: Write a one-page essay (approximately 300 words) on the topic below. Use as many economic terms and concepts as you can, but be sure to use them correctly! Value: **20 points**.

Throughout the semester we have monitored the price of gasoline; during that time it has fluctuated between a low of \$2.21 per gallon and a high of \$2.89 per gallon. Using what you have learned about economics, explain why the price has changed so drastically (31% change in four months). You may offer several explanations if you feel one does not explain it completely.