

# Learning Basic Economics

DPC 530



Viewer's Guide 1, 2, 3

Matching Famous Economists

Unscramble The Market

Past & Future Quote

True or False

Micro or Macro?

Basic Econ Terms

Define These



# -- Free Viewer's Guide --



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# Viewer's Guide (1)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

While viewing the DVD, complete each phrase with the correct economic term.

## Introduction To Economics

1. Adam Smith's theory was based on \_\_\_\_\_ and \_\_\_\_\_.
2. David Ricardo contributed the notion of \_\_\_\_\_ returns.
3. Karl Marx believed that \_\_\_\_\_ control should determine supply and demand.
4. While \_\_\_\_\_ looks at individual market transactions, \_\_\_\_\_ looks at whole market elements.

## How Markets Work

5. Microeconomic assumption 1 (one) says that resources are \_\_\_\_\_.
6. Microeconomic assumption 2 (two) says that human wants are \_\_\_\_\_.
7. The maximum \_\_\_\_\_ point represents the point where marginal benefit is equal to marginal costs.
8. Markets work in \_\_\_\_\_.

## The Stock Market

9. A stock exchange is just like any other \_\_\_\_\_,
10. Stocks and bonds provide corporations with access to money for \_\_\_\_\_.
11. Historically, stocks have performed better over the \_\_\_\_\_ term.
12. The two main types of stocks are \_\_\_\_\_ and \_\_\_\_\_.

# Viewer's Guide (2)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

While viewing the DVD, complete each phrase with the correct economic term.

## Economic Indicators

13. Nearly 70% of the U.S. economy is \_\_\_\_\_ based.
14. The Multiplier Effect states that a small change in investment means a \_\_\_\_\_ change in GDP.
15. Macroeconomics considers the main influence on investment to be \_\_\_\_\_.
16. The government can influence the level of economic activity in two ways: \_\_\_\_\_ spending and \_\_\_\_\_.

## Role of Government

17. Conservatives generally strive for \_\_\_\_\_ government, \_\_\_\_\_ taxes, and a \_\_\_\_\_ tight fist.
18. Liberals generally strive for \_\_\_\_\_ government, \_\_\_\_\_ taxes, and \_\_\_\_\_ social services.
19. The role of the \_\_\_\_\_ is defining the role of government.

## Monetary and Fiscal Policy

20. Policy determines what we have to pay for \_\_\_\_\_.
21. There are three popular theories that attempt to explain the business cycles: \_\_\_\_\_ Theory, \_\_\_\_\_ level of income, and \_\_\_\_\_ side.
22. The role of the \_\_\_\_\_ is to control deflation and stabilize the economy as a whole.
23. The \_\_\_\_\_ states that any action taken by the government will have an effect on the economy that will be greatly magnified.

# Viewer's Guide (3)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

While viewing the DVD, complete each phrase with the correct economic term.

## International Trade

24. One of the fastest growing organisms in the world is the \_\_\_\_\_  
\_\_\_\_\_,
25. In "The Wealth of Nations," Adam Smith wrote that a government should produce mostly those goods in which it has an \_\_\_\_\_ advantage.
26. The largest international trade organization is the \_\_\_\_\_  
\_\_\_\_\_ or the WTO.

## Technology & The Economy

27. There is no way to predict and model \_\_\_\_\_ change.
28. Karl Marx stated that capitalist economies are \_\_\_\_\_ by nature.

# Matching Famous Economists

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Match the economists on the left with their economic/social theory on the right. Write the corresponding letter in the space provided.

- |     |       |                     |    |  |
|-----|-------|---------------------|----|--|
| 1.  | _____ | Adam Smith          | A. | Favored worker ownership of factories and government limits.                                 |
| 2.  | _____ | David Ricardo       | B. | Named the four stages of the business cycle.   |
| 3.  | _____ | John Stuart Mill    | C. | Wrote “The Wealth of Nations” in 1776.   |
| 4.  | _____ | John Stuart Mill    | D. | Felt the attitude of business leaders influenced economic trends                             |
| 5.  | _____ | Alfred Marshall     | E. | Formulated the theory on the “circular use of Money.”  |
| 6.  | _____ | Jean-Baptiste Say   | F. | Began the Liberal view of economics.   |
| 7.  | _____ | John Maynard Keynes | G. | Contributed the notion of Diminishing Returns.   |
| 8.  | _____ | John Maynard Keynes | H. | Proposed the causes of the business cycle to be inequity of income.                          |
| 9.  | _____ | Wesley Mitchell     | I. | Observed that capitalist economies are innovative by nature.                                 |
| 10. | _____ | William Jevons      | J. | Used solar activity to forecast the economy.   |
| 11. | _____ | Arthur Pigou        | K. | Conceptualized marginal benefit and marginal cost.   |
| 12. | _____ | John Hobson         | L. | Believed that government intervention, policy, and control should dictate supply and demand. |
| 13. | _____ | Karl Marx           | M. | Worked with the Roosevelt administration in response to the Great Depression.                |
| 14. | _____ | Karl Marx           | N. | Formulated radical theories on economic stimulus.  |

# Unscramble The Market

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Unscramble the economic terms in the column on the left. Use the corresponding clues to help unscramble the terms.

	1. Clue: the free market forces that work the balance the marketplace.
[ v e i i n s b l a h n d ]	
	2. Clue: another term for stocks and bonds.
[ s s e e i i r t c u ]	
	3. Clue: a rise, over time, in the average level of price.
[ n o i i f l a t n ]	
	4. Clue: a fall, over time, in the average level of prices.
[ a e i o d f l t n ]	
	5. Clue: uses economic theory and statistics to analyze economics.
[ o m e t r i c c e s o n ]	
	6. Clue: the benefit that is given up when choosing an alternative.
[ p p y t o o t r i n u t s o c ]	

# Past & Future Quote

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Use the corresponding number and letters in the code box below to complete the quote.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
2		23		3				7			15			00	9										

“ 3 23 00 5 00 8 7 50 1 50 2 71 3 n 9 3 50 50 7 8 7 50 1 50 : 1 4 3 , 9 71 3 6 7 23 1 3 6 3 7 4 1 t 00 1 4 3 15 2 50 1 1 4 71 3 3 6 3 9 71 3 50 50 7 00 5 50 . ”

~ Barry Asmus



# True or False

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Read each statement and decide whether it is true or false. Mark the appropriate column.

True	False	Statement...
		1. The business cycle has four stages: prosperity, recession, depression, and recovery.
		2. Supply and demand curves are the same shape as the marginal benefit and marginal cost curves.
		3. NASDAQ is the largest stock exchange in the world.
		4. Preferred Stock tends to yield higher risk and higher return than common stock.
		5. In the Macroeconomic view, investment and interest rate have an inverse relationship.
		6. For the average family, a 1% change in the interest rate amounts to a difference of \$125.00.
		7. Monetarists feel that the supply of money should increase at a stable rate right along with the economy's output.
		8. To control the amount of currency that leaves a country, it can limit the amount of imports.
		9. Local industries often oppose tariffs.
		10. Technological change cannot be predicted or modeled.
		11. Monetary policy concerns the government's behavior in international trade.
		12. Adam Smith's "The Wealth Of Nations" has been a cornerstone of economics since the 17th century.
		13. Economist John Maynard Keynes named the four stages of the business cycle.
		14. In Microeconomics, production is the conversion of inputs into outputs.
		15. Opportunity costs can only be measured in financial or monetary costs.
		16. A laissez-faire policy calls for minimal government intervention in the economy.

# Micro or Macro?

Name: \_\_\_\_\_

Date: \_\_\_\_\_

In your own words write a brief description of microeconomics and macroeconomics. For each concept below check the appropriate column.

Define Microeconomics? \_\_\_\_\_

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Define Macroeconomics? \_\_\_\_\_

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<b>Microeconomics</b>	<b>Macroeconomics</b>	
		1. Individual Market Transactions
		2. Price of Gasoline
		3. Whole Market Elements
		4. Economic Behavior of Households
		5. Total Goods and Services Available
		6. Inflation and Deflation
		7. Interest Rates
		8. Economic Behavior of Firms
		9. Money Supply
		10. Overall Levels of Employment

# Basic Econ Terms

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Use the clues below to complete the economic terms in the puzzle.

1.			o		o												
2.					o			o		o							
3.																	
4.			o														
5.		o															
6.																	
7.				o													
8.				o					o								
9.					o			o		o							
10.																	

**Clues:**

- |   |  |
|---|--|
| 1. The study of the production and distribution of goods and services | 6. A rising market   |
| 2. the study of an individual market or part of an economy.           | 7. The ability to produce a particular product more cheaply than another nation. |
| 3. Any place goods or services are bought and sold.                   | 8. A limit placed upon the import of certain goods.                              |
| 4. Represents ownership in a company                                  | 9. The study of the total economy of a country.                                  |
| 5. Money loaned to a company  | 10. A falling market   |

# Define These

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Define each economic term and provide an example for each.

1. Law of Diminishing Returns: \_\_\_\_\_

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2. Marginal Analysis: \_\_\_\_\_

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3. Gross Domestic Product: \_\_\_\_\_

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4. Dow Jones Average: \_\_\_\_\_

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5. Monetary and Fiscal Policy: \_\_\_\_\_

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# Answer Key ~ Learning Basic Economics

## Viewer's Guide (1)

1. supply, demand
2. diminishing
3. government
4. microeconomics, macroeconomics
5. limited
6. endless
7. profit
8. cycles
9. market
10. investment
11. long
12. common, preferred

## Viewer's Guide (2)

13. service
14. big
15. interest rates
16. government, taxes
17. reduced, lower, fiscal
18. bigger, higher, increased
19. people
20. interest rates
21. Monetarists', aggregate, supply
22. Fed
23. Magnifier Effect

## Viewer's Guide (3)

24. World Trade Network
25. absolute
26. World Trade Organization
27. technological
28. innovative

## Matching Famous Economists (4)

- |      |       |
|------|-------|
| 1. C | 8. N  |
| 2. G | 9. B  |
| 3. F | 10. J |
| 4. A | 11. D |
| 5. K | 12. H |
| 6. E | 13. L |
| 7. M | 14. I |

## Unscramble The Market (5)

1. invisible hand
2. securities
3. inflation
4. deflation
5. econometrics
6. opportunity cost

## Past & Future Quote (6)

“Economists are pessimists: they’ve predicted eight of the last three depressions.” ~Barry Asmus

## True or False (7)

True: 1, 2, 5, 7, 8, 10, 14, 16  
False: 3, 4, 6, 9, 11, 12, 13, 15

## Micro or Macro? (8)

Micro: 1, 2, 4, 8  
Macro: 3, 5, 6, 7, 9, 10

## Basic Econ Terms (9)

1. economics
2. microeconomics
3. market
4. stocks
5. bonds
6. bull market
7. absolute advantage
8. import quota
9. macroeconomics
10. bear market

## Define These (10)

1. past a certain point, as more effort is put into production, profits decline.
2. a method for computing the costs and benefits of each unit produced.
3. a measure of the total output of an economy.
4. average stock price of 30 industrial companies
5. how a central bank manipulates interest and credit conditions.