

AP Econ Flashcards PDF

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What is the definition of scarcity?

Scarcity refers to the basic economic problem that arises because resources are limited while human wants are unlimited.

What is opportunity cost?

Opportunity cost is the value of the next best alternative that is forgone when making a decision.

What are the factors of production?

The factors of production are land, labor, capital, and entrepreneurship.

What is the law of demand?

The law of demand states that, all else being equal, as the price of a good decreases, the quantity demanded increases, and vice versa.

What is a market economy?

A market economy is an economic system in which decisions regarding investment, production, and distribution are based on supply and demand.

What is GDP?

Gross Domestic Product (GDP) is the total monetary value of all final goods and services produced within a country's borders in a specific time period.

What is inflation?

Inflation is the rate at which the general level of prices for goods and services is rising, and subsequently, purchasing power is falling.

What is fiscal policy?

Fiscal policy refers to the use of government spending and taxation to influence the economy.

What is monetary policy?

Monetary policy is the process by which a central bank manages the money supply and interest rates to achieve macroeconomic objectives.

What is a monopoly?

A monopoly is a market structure where a single seller controls the entire supply of a product or service, and thus has significant pricing power.