

Economics Flashcards PDF

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What is the definition of economics?

Economics is the study of how individuals and societies allocate scarce resources to satisfy unlimited wants.

What are the two main branches of economics?

The two main branches of economics are microeconomics and macroeconomics.

What is microeconomics?

Microeconomics is the branch of economics that studies individual agents, such as households and firms, and their interactions in markets.

What is macroeconomics?

Macroeconomics is the branch of economics that studies the economy as a whole, focusing on aggregate measures such as national income, unemployment, and inflation.

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 the law of supply?

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

What is a market equilibrium?

Market equilibrium is the point at which the quantity demanded equals the quantity supplied, resulting in a stable market price.

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 rises, eroding purchasing power.

What is a recession?

A recession is a significant decline in economic activity across the economy that lasts for an extended period, typically visible in GDP, income, employment, and trade.