Study Guide

Chapter 4 Components of an Economics Society

Four components of an economy – Households, firms, governments, and the rest of the world.

1. Closed market economy
2. Closed economy
3. Open economy
4. Private sector
5. Public sector
6. The Circular-flow model for a closed market economy
7. Products market/goods and services market
8. Factors market
9. Lorenz Curve
10. Sole proprietorship
11. Partnership
12. Corporations (legal entity)
13. limited liability/unlimited liability
14. double taxation
15. Benefit-receive principle
16. Ability-to-pay principle
17. Progressive tax
18. Proportional tax
19. Regressive tax
20. Import/export