**Learning Goal Outline: Chapter 1 – The Economic Problem**

The Economic Problem

Rational Behaviour

Economic Resources

Natural

Capital

Human

Resource Incomes

Economic Defined

Microeconomics

Macroeconomics

Economic Models / Laws

Cause and Effect

Variables

Inverse and Direct Relationships

The Need for Assumptions

Ceteris Paribus

Economic Choice

Utility Maximization

Utility

Self Interest

Paradox of Charity

Opportunity Cost

Production Possibilities Model

Two Products

Fixed Resources and Technology

Full Production

Production Possibilities Curve

Production Possibilities Schedule

The Role of Scarcity

Law of Increasing Opportunity Costs

Economic Growth

Choosing Capital Goods over Consumption Goods

Brief Economic Questions

What to Produce?

How to Produce?

For Whom to Produce?

What Economic System to Implement?

Traditional Economy

Market Economy

Resource Market

Product Market

Benefits of a Market Economy

Consumer Sovereignty

Innovation

Drawbacks of a Market Economy

Income Distribution

Market Problems

Instability

Command Economy

Benefits of a Command Economy

Income Distribution

Economic Growth

Drawbacks of a Command Economy

Planning Difficulties

Inefficiencies

Lack of Freedom

Mixed Economies

Emerging Economies

China, India, Brazil… Russia : (

Economic Goals

Income Equity, Price Stability, Full Employment, Viable Balance of Payments, Economic Growth, Economic Efficiency, Environmental Sustainability

Complementary vs. Conflicting Goals

Chapter Questions (25-28):

1a), b), c)

2a), b), c), d), e),

3a), b), c), d),

4,

5a), b), c), d), e), f),

6a), b), c),

7,

8a), b), c), d),

11. a), b)