Chp. 1-4 review

1. What is the economy?
2. What are the factors of production and why are they important?
3. Why can we not produce everything we want?
4. What does the PPC show us?
5. What would cause it to move outward and inward?
6. Why was Adam Smith important?
7. What is GDP and why is this number important to us?
8. When will GDP per capita increase?
9. What part of the U.S. economy has grown the most since 1900?
10. What about our Human capital helps explain why the U.S. has had such high productivity?
11. What are the goals of the principal actors in the U.S. economy?
12. What is the law of Demand, the determinants of demand, and how does a change in those affect the demand curve?
13. Same as above but for Supply.
14. What are optimal outcomes?
15. What is the optimal mix of output and what are the causes of market failue that lead to government intervention?
16. What causes the free rider?
17. What can be said about the production of items that results in external costs versus external benefits?
18. Why is too much market power bad for consumers?
19. How does the government step in to fix too much market power?
20. What is the primary way the government redistributes wealth?
21. What is the biggest source of government income?
22. What represents market failure on the PPC?
23. Why can’t we trust the ballot box as a way fixing the market mechanism?