

Chapter 1

1. What are the 10 basic principles of economics?
2. What is Scarcity? What does Economics study?
3. What is Efficiency? What is Equity? How the society faces a tradeoff between efficiency and equity?
4. What is Opportunity Cost?
5. How to use marginal reasoning when making decisions?
6. How incentives affect people's behavior?
7. Why trade among people or nations can be good for everyone?
8. What is Market Economy? What is Central Planned Economy? What's the difference?
9. What is Market Failure? What is Externality? What is Market Power? How the government can help?
10. What is Productivity? What determines people's living standards in a nation?
11. What is Inflation?
12. What is Philips Curve? What does it tell us?

Chapter 2

1. What are the roles economists play in this world? How do we tell which role they are playing at the moment?
2. How the economists apply the method of science?
3. What is Assumption? What is Model? How assumptions and models can shed light on the world?
4. What are the components of the Circular-Flow Diagram Model? What does it tell us?
5. What is the Production Possibilities Frontier? Which part of the Production Possibilities Frontier model represents the feasible production plans and which part represents the infeasible production plans? What is Efficient production and what is Inefficient production.
6. What are the two major fields of economics? What's the difference between Microeconomics and Macroeconomics?
7. What is a Positive Statement? What is a Normative Statement? How to evaluate them?
8. Do economists often agree or disagree with one another? Why they sometimes disagree with one another?
9. What are the major types of graph used in the study of economics?
10. What is Slope? How to calculate the Slope for a curve? What does a steep slope tell us and what does a flat slope tell us?

Chapter 3

1. How everyone can benefit when people trade with one another?
2. What is absolute advantage? What is comparative advantage?
3. How comparative advantage explains the gains from trade?

4. How to go from a production opportunities table to an opportunity cost table?
What does the opportunity cost table tell us?
5. Study the Parable for the modern economy from p.g. 46 to 50 in detail.
6. How to apply the theory of comparative advantage to everyday life and national policy?