

Notes — Week 1

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Period 3

1. There is no such thing as a f*** lunch
 - Everything has a cost (*i.e. opportunity cost*)
2. People respond to incentives
 - Incentives motivate people to do things (can be negative or positive)
3. The fundamental problem facing all societies is scarcity
4. Given the problem of scarcity, all societies must answer the three basic questions:
 - What to produce
 - How to produce
 - For whom to produce
5. Command economies have the government decide what, how, and for whom to produce goods
6. Factors of Production (Necessary for production to take place):
 - Land (gifts of nature)
 - Labor
 - Capital