

Section 1 The basic economic problem

- Chapter 1 The nature of the economic problem

- Finite resources and unlimited wants

- the continuing nature of the economic problem
 - the economic problem in different contexts

- Economic goods and free goods

- economic goods: a product which requires resources to produce it and therefore has an opportunity cost
 - free goods: a product which does not require any resources to make it and so does not have an opportunity cost.

- Chapter 2 Factors of production

- The importance of factors of production

- land
 - labour
 - capital
 - enterprise

- Mobility of the factors of production

- the mobility of land
 - most land is occupationally mobile
 - in its traditional sense, is geographically immobile
 - the mobility of labour
 - differences in the price and availability of housing in different areas and countries
 - family ties
 - differences in educational systems in different areas and countries
 - lack of information
 - restrictions on the movement of workers
 - the mobility of capital
 - the geographical and occupational mobility of capital varies according to the type of capital goods
 - the mobility of enterprise
 - mobility of enterprise depends on the mobility of entrepreneurs

- Quantity and quality of the factors of production

- the quantity of land
 - the quality of land

- the quantity of labour
 - the size of the population
 - the age structure of the population
 - the retirement age
 - attitude to working women
 - the quality of labour
 - the quantity of capital
 - the quality of capital
 - the quantity of enterprise
 - the quality of enterprise
- Payments for factors of production
- Chapter 3 Opportunity cost
 - Meaning of opportunity cost
 - the best alternative forgone
 - Influence of opportunity cost on decision-making
 - opportunity cost and consumers
 - opportunity cost and workers
 - opportunity cost and producers
 - opportunity cost and the government
 - economic goods and free goods
- Chapter 4 Production possibility curves
 - A production possibility curve
 - a curve that shows the maximum output of two types of products and combination of those products that can be produced with existing resources and technology.
 - Production points
 - inside the curve
 - inefficient
 - not full use of resources
 - point on the curve
 - efficient output
 - maximum use is being made of resources
 - outside the curve
 - unprocurable
 - not currently attainable.
 - Movements along a PPC

- the shape of the PPC
 - usually bowed outwards
- Shifts in a PPC
 - causes of shifts in the PPC
 - consequences of a shift in the PPC