Review –

* Positive economics is an approach to econ that seeks to understand behaviour and the operation of systems without making judgements
* PPF, what does the ppf look like? It’s a combination of any two goods in an economy, it is concave from the origin. If you get more land labour and capital, will shift the production possibilities frontier to the right
* If the unemployment rate increases from 0% to 2% the economy will move away from the PPF and close to the ORIGIN. Point shifts not the PPF.
* An economy that is producing at the wrong point on its production possibility frontier is inefficient because the combination of goods and services produced is not what people want
* Steeper slope implies a higher opportunity cost
* Demand curves are derived while holding constant income, tastes, and the price of other goods
* The quantity demanded of pepsi has decrease, the best explanation for this is the price of pepsi has increased
* Change in quantity is ALWAYS a movement along the DEMAND curve, price changes, the SUPPLY curve shifts
* Ep = Qd/P
* A demand curve that has a price elasticity will be zero
* - Qd = Qs – at equilibrium