

Revision Guide

The Basic Economic Problem

Chp1

- Scarcity and Choice
- Opportunity Cost
- Production Possibility Curves

The Language of Economics

Chp 2

- Production, Consumption and Exchange
- Factors of Production
- The Different Classification of goods and services
- The Different Sectors of the Economy – Public Sector and Private Sector

Types of Economic Systems

Chp 3

- Different ways of solving the economic problem
- Advantages and disadvantages of each system

Production

Chp 4

- The Stages of Production
- Specialization
- An Understanding of the concept of Division of Labour
- Advantages and Disadvantages of Division of Labour

Costs of Production

Chp 4

- Different types of costs
- Diminishing Returns in the Short Run
- Reasons for the U-Shaped cost curve

Large Scale Firms

Chp 4

- Factors affecting the size of firms
- Economies of Scale (Advantages of large scale firms)
- Diseconomies of Scale (Disadvantages of large scale firms)
- Diminishing Returns to Scale
- The Survival of the Small Firm

The Price Mechanism

Chp 8

- Definitions of Demand and Supply
- The effect of a change in price on Demand and Supply respectively
- Prices within a free market i.e. The Market Price
- A Distinction between movements along and shifts of demand and supply curves