**Stuff to Know for Econ Test Chs 1-3**

* Know what gives a product or service value
* Understand how externalities work and examples of both positive and negative externalities
* Understand what tradeoffs and opportunity costs are and what it means to think at the margin
* Know the circular flow model of a "mixed" economy
* Understand how the marketplace can self regulate itself and why the government sometimes feels it must step in
* Know the advantages of the free market and the basic principles of free enterprise (efficiency, freedom, growth and additional goods for free market and profit motive, open opportunity and economic rights for free enterprise)
* Understand what public goods are and how they may lead to the free rider problem
* Know the different types of economic systems (free market, centrally planned or command and mixed) and how we decide which type is used (focus on the questions of who makes, how many, etc.)
* Know the four factors of production
* Standard of living, scarcity, capital, thinking at the margin, production possibilities curves, socialism, laissez-faire, consumer sovereignty, macroeconomics, business cycles