



Common Sense Economics (2010) by Gwartney, Stroup, Lee, and Ferrarini
59 Key Concepts

Part 1: Modules 1-4 and Module A

1. Changes in demand versus changes in quantity demanded
2. Changes in supply versus changes in quantity supplied
3. Demand and supply
4. Demand and supply in detail
5. Gains from trade
6. Helping others and receipt of income
7. Incentives
8. Jobs versus the creation of wealth
9. Marginalism
10. Market equilibrium
11. Market prices and the invisible hand
12. Opportunity costs
13. Price controls
14. Profit and loss
15. Scarcity
16. Secondary effects and unintended consequences
17. Sources of economic progress
18. Transaction costs

Part 2: Modules 5-7

1. Capital markets: wealth-creating versus inefficient projects
 2. Competitive process
 3. Economic freedom, growth, and income
 4. Economics, politics, and trade restrictions
 5. Gains from international trade
 6. Legal system and private ownership
 7. Monetary policy and inflation
 8. Private property and incentives
 9. Regulation and gains from trade
 10. Taxes, incentives, and productive activity
-

Part 3: Modules 8-11

1. Central planning, politics, and resource allocation
2. Competition among governments, incentives, and resource allocation
3. Constitutional rules and sound economics
4. Government failure
5. Market failure
6. Opportunity cost of government
7. Political incentives and short-sightedness
8. Political versus the market process
9. Protective and productive roles of government
10. Special interest and political allocation
11. Transfers, incentives, and the “welfare” of recipients
12. The unintended consequences of transfers and subsidies

Part 4: Modules 12-15

1. Budgeting and getting more out of your income
2. Comparative advantage and discovery of career opportunities
3. Dangers of debt and credit card use
4. Diversification and reducing investment risk
5. Entrepreneurship and personal success
6. Indexed versus managed equity funds
7. Investment schemes in which to beware
8. Portfolio adjustments and phases of life
9. Power of compound interest
10. Prudent saving: planning for a “rainy day”
11. Random walk theory and stock prices
12. Risk and return: stocks versus bonds
13. Strategic spending: used versus new
14. Teach others sound financial principles

Bonus Material: Module D

1. Economic instability
2. Monetary policy and Great Depression
3. Recession and depression
4. Tariffs and trade restrictions
5. Taxes, subsidies, and instability