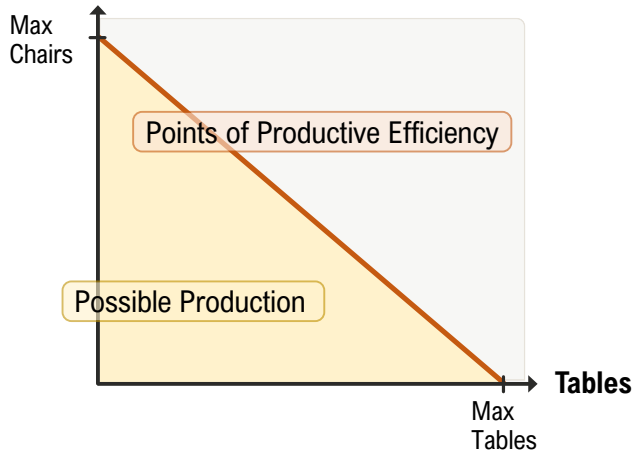


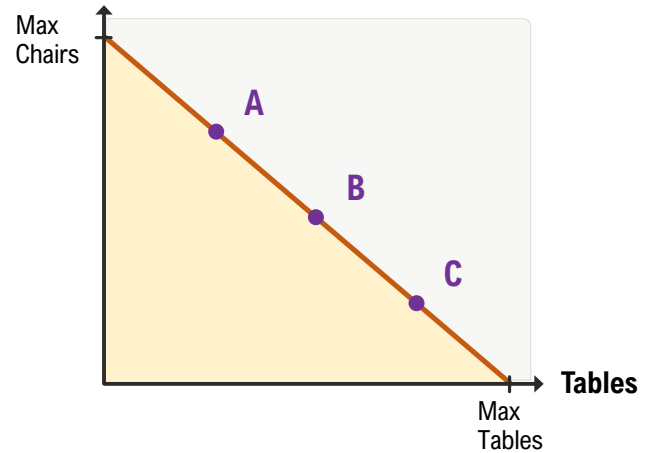
## TOPIC: PRODUCTIVE AND ALLOCATIVE EFFICIENCY

- ◆ Market economies have competition and voluntary exchange, therefore they promote \_\_\_\_\_.
- ◆ \_\_\_\_\_ **efficiency** results when firms produce at the lowest cost, using all available resources.
- ◆ A **Productive Efficiency** point that matches consumer preference is \_\_\_\_\_ **efficiency**.

### Chairs



### Chairs



## Equity and Fairness

- ◆ **Equity** is the *fair* distribution of \_\_\_\_\_ benefits.
- The fair tradeoff between equity and \_\_\_\_\_ is subjective.

