

# Chapter 8

## ECO 2013

### *Core Principles*

**Cost-Benefit Principle** - the chapter uses the cost-benefit principle to discuss workers' decisions to work at any given wage. It also applies this principle to government regulation.

**Principle of Comparative Advantage** - the chapter this principle to discuss the effects of globalization on the standard of living.

**Not-All-Costs-Count-Equally** - this chapter applies the principle of increasing opportunity cost to introduce diminishing returns to labor.

### *Important Concepts*

- Diminishing returns to labor
- Frictional/structural/cyclical unemployment
- Worker mobility
- Skill-biased technological change