

What is Economics?

Unit 1

Homework: Page 6
Problems 1 to 6

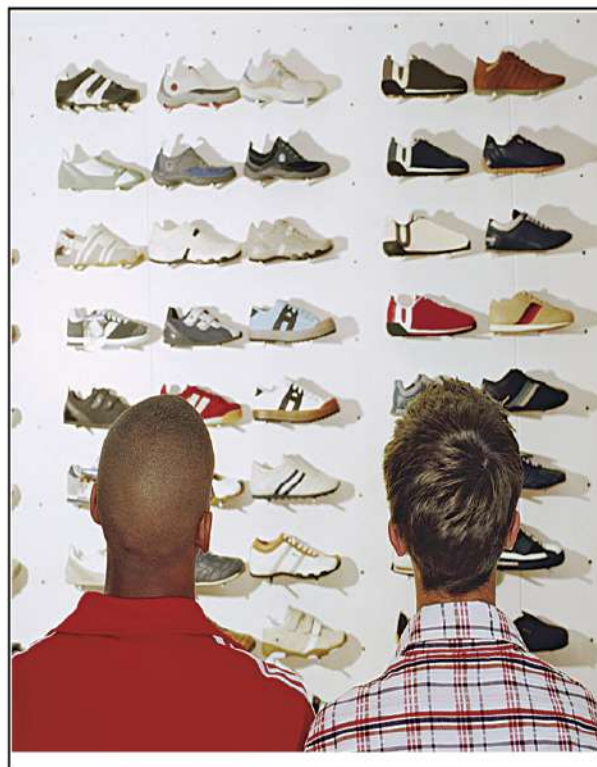
Write out the questions and the answers.

In your notebook:

Write a five paragraph essay
on:

What I think Economics is?

- Economics: the study of choices people make to fulfill their unlimited _____ and _____ even though there are limited _____.
- For example:
 - You must choose how to spend your time
 - Businesses must choose how many people to hire



They seem willing to buy the shoes, but are they able?



Two branches of Economics

- Microeconomics: study of economic behavior and decision making of small units, such as individuals, families and businesses; can even be an entire market.
- Macroeconomics: study of economic behavior of entire economies. Examples: Countries and government spending

Macro or Micro?

- 1. Taxes: _____
- 2. Foreign exchange rates: _____
- 3. Profitability of McDonalds: _____
- 4. Price of eggs: _____
- 5. Trade tariffs: _____
- 6. Supply of Money: _____

Definitions

- Needs: 1. _____, 2. _____, 3. _____
- _____: anything desired that's not a need
- _____: physical objects like clothes or shoes
- _____: actions or activities one person does for another
- _____: person that starts a business
- _____: producers will not or cannot offer goods or services at current prices

1.

2.



3.



4.



_____ to
produce?

_____ to
produce?

For _____
to produce?

4 Factors of Production

C.E.L.L.

- Capital : Any man-made resource that is used to create other goods and services.
- Entrepreneur : Individual that starts a business
- Land : all natural resources that are used to produce goods and services.
- Labor : Any effort a person devotes to a task for which that person is paid.

Video Questions

- What are some of the factors of production for CD NOW?
- How did the factors of production change for CD Now in their first five years of business?

Trade-offs & Opportunity Cost

- _____ are all the alternatives that we give up whenever we choose one course of action over others.
- The most desirable alternative given up as a result of a decision is known as _____.
- What's the difference between the two?



The Cost of College

| Year | Direct Costs of College | Opportunity Costs (Lost Wages) |
|-------|-------------------------|--------------------------------|
| 1 | \$8,000 | \$16,000 |
| 2 | \$8,500 | \$16,500 |
| 3 | \$9,000 | \$17,000 |
| 4 | \$9,500 | \$17,500 |
| Total | \$35,000 | \$67,000 |

The Total Cost of College

College Costs + Opportunity Costs =

\$35,000 + \$67,000 =

\$102,000

Economic Mystery

"When it takes, at least, an additional seven years of schooling, and over one hundred thousand dollars in costs and lost earnings, why would a person want to graduate from college instead of dropping out after the ninth grade?"

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Page 6

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