

BASIC ECONOMICS

- How much money will you spend during your senior year of high school just doing “normal” school activities?
- Do you have all of the money available to you right now? (w/out assistance)
- If not, do you have a plan for raising this money? What is it?

Definition:

Economics is the study of how people seek to satisfy their needs and wants by making choices

We all have....

- Needs: items necessary for survival

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- Wants: desired items

G & S: Goods and Services

- **Goods: material items**
- **Services: tasks done by people**

- **All goods and services we produce are SCARCE: insufficient to satisfy the need or demand; not abundant (always exists)**

- *People make choices b/c of scarcity. A person may have an endless supply of everything, but sooner or later a limit is reached*

Scarcity

- **There simply aren't enough goods or resources in the world to satisfy all our needs and wants.**
- At zero price, there is not enough for everyone to have all they want.
- **Scarcity always exists.**
- Example: The artwork of Picasso is scarce because it's not renewable and there are only a few pieces. They can't make more.

Shortage

- At the current price, people want to buy more than suppliers want to sell.
- **Shortage is a man-made choice.** Suppliers are “not willing” to make goods available for this amount of money.
- **Shortages often go away over time.** There is just not much of the good or resource right now.
- Example: A bad crop causes a shortage in rice.
- -- **It's a shortage if “they can make more.”**

Fold your paper into 6 squares:

My definition of economics is.....		The Actual Definition:
Wants	Needs	Scarcity is....
Examples of Scarce Resources.....		My scarcest resource is _____because I only have _____hours of it in a day.

Create a pie chart

- List all of the things that you did in the last 24 hours (try to round)
- Find the percentage of each activity
- Put the information into a pie chart
- Answer the following questions:
 1. If you gained an extra hour in a day what would you do with that hour?
 2. If you found out that you were losing an hour in your day what would you be willing to give up? Why did you chose that item?