1. Economic
   1. Macroeconomics
      1. Entire national economy
   2. Microeconomics
      1. Individual
      2. Our class is focusing on this
2. Economics Definition
   1. The study of the allocation of scarce resources, among competing and insatiable needs, so as to maximize welfare. -lord robin
   2. “so as to maximize welfare”
      1. to maximize the well being, goal.
      2. Rational self-interest
      3. Not equal to selfish
   3. “competing - needs”
      1. Unlimited wants
      2. What you have is never enough
   4. “scarce resources”
      1. Resources
         1. Land
            1. raw materials
            2. natural resources
            3. Limited amounts
         2. Labor
            1. Workers
            2. Limited by how many people there are in the world
         3. Capital
            1. Physical tools of production
            2. Building that is being used
            3. Machinery
            4. Most things are limited “money is not capital by this definition”
         4. Investment adds to capital
            1. Purchase of capital goods.
            2. New robot.
            3. New hammer
         5. Limited quantity of resources
         6. Limited amout of goods and services produced
      2. Inputs
      3. Factors of productions
3. Scarecity
   1. Unlimited wants
   2. Limited resources
   3. Forces you to make choices between what you really need/want
      1. Pb&j opportunity cost
      2. Ham and cheese opportunity cost
      3. Leftovers <--
   4. Opportunity cost
      1. What is given up when choosing a particular action
      2. Value of the next best possibility, not all possibilities
      3. Cost of college education
         1. Tuition est $60k
         2. Books est $2.8k
         3. Transportation est est $2.4k
         4. Room & Board est $72,000
         5. Total $137,000
      4. Opportunity cost
         1. Working full time
         2. Entertainment
         3. Travel
         4. Say 88k for working at rutters
         5. $225,200 total after opportunity cost
4. Marginal
   1. Marginal Cost
      1. Additional cost of obtaining one more unit of good or service
   2. Marginal Benefits
      1. Additional benefits obtained from consuming one more unit of a good or service.
   3. As long as the benefits outweigh the cost then its “worth it”
   4. Marginal Cost of coming to class
      1. Ink paper $0.25
      2. Transportation $4
      3. Opportunity cost $10
      4. Total= $14.25
   5. Benefit of coming to class
      1. Knowledge $1
      2. Higher lifetime income $5
      3. Scocialize $18
      4. $24
5. Sunk Cost
   1. Cannot be regained or recouped