

FOUNDATIONS OF ECONOMICS UNIT

THE STUDY OF ECONOMICS: WHAT IS IT?

IB CORE CONCEPTS AND NOTES SPECIFICALLY RELATED TO THIS VIDEO

IB Core Concept	Standard Level and High Level Concept
Foundations of IB Economics	<ul style="list-style-type: none">• Explain the definition of economics as a social science• Define, give examples of, and distinguish between, goods and services, needs and wants, economic goods and free goods <p>Source: IB Economics Subject Guide</p>

The Big Picture

- *Economics is a social science—which is the study of how people interact with each other.*
- *Key concept: People think! We are not robots so our individual behavior is not always predictable, but large group behavior is actually quite predictable and therefore “studyable”.*
- *This is what economists use to study our behavior.*
- *Logic of economics...*
 - *Earth has limited resources.*
 - *Resources are used to produce goods and services.*
 - *People have infinite wants and needs.*
 - *There is a conflict between finite resources and infinite needs and wants.*
 - *People can’t have everything they want so resources must be rationed in some way.*
 - *This is where economics comes in.*
- *Economics is the study of how scarce resources are allocated to fulfill infinite wants of consumers*