**ECON 101 INTRO TO MACRO HOMEWORK QUESTIONS CHAPTER 1**

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***01“*The opportunity cost” of spending an evening at a concert is the possible things one could have done with time. Do you agree or not? Why or why not?**

I disagree because the opportunity cost is the next best alternative to doing something else. Yes, this is a possibility of something someone can do during the evening, but it is not the opportunity cost itself. The Opportunity cost is essentially a "weight" that is placed on the importance of one activity or object over its next best alternative.

***02* “Countries with the largest populations also enjoy the highest standard of living.” Do you agree or not? Why or why not?**

I disagree, just because a country has the largest population doesn't necessarily mean they will have the highest standard of living. Yes, there may be more industry to promote the growth of the country, and in theory the standard of living should be higher, but in my opinion the standard of living will look like a parabola. A country with a low population will not have a large industry and will not draw in a lot of money to create the higher standard of living (think of third world countries) but as the population increases the living standard will increase. Here comes the draw, when a population of a country is too large there becomes the problem of overcrowding and there physically can't be enough industry to support this population, which in turn, will decrease that standard of living for said country(think Russia or China).

***03* “In the short term, periods when the inflation rate is low are periods were the unemployment rate is relatively high.” Why or why not?**

I completely agree with this statement. According to principle 10, society faces a short-run tradeoff between inflation and unemployment. Inflation is caused by the over printing of money, and when more money is printed it stimulates the economy and raises the overall demand for goods and services. This in turn will eventually cause prices to rise but in the short run, to keep up with demand it will cause employers to hire more workers. This increase in hiring means unemployment will decrease. In short high unemployment means low inflation and vice versa.

***04* Which of the 10 economic principles do you find most interesting? Briefly explain your choice.**

The most intriguing of the principles is number 8. It states that A countries standard of living depends on its ability to produce goods and services. I find it the most interesting because this means that the larger the population the better off the people and businesses are, because they can produce more goods and services and stimulate economic growth as the book states. I thought into this further as seen in the second problem above, and came to the conclusion that this is not *always* the case when population gets too large. This can be a problem because there may not be the physical space or enough available resources to support a massive population which in turn would lead to higher homeless rates and a lower standard of living.