

August 18, 2021

Mr. Clifford's Introduction Video

scarcity is the idea that there are limited resources.

example: Thursday night flight for \$275, \$300, \$325 dollar flight. The most expensive flight was actually the cheapest because of opportunity cost: she could work at the restaurunt for the next few days.

Why don't we produce all the phones in our country?

Inseen costs: because of costs in the United States, phones are much cheaper because China manufacturing is significantly cheaper in the United States. Economists often oppose tarriffs for this reason.

Definition (Economics 1)

study of how people interact with each other and with their natural surroundings in producing their livelihoods, and how changes over time.

Definition (Economics 2)

conomics is about how individuals, businesses, governments, and nations make choices about how to allocate limited rces when faced with unlimited wants and needs.

essence, economics solves the problme of scarcity - which occurs when there are limited quantities of things.

Definition (Resources)

hing that can be used to produce something else.

The Factors of Production

labor: the time and effort that people devote to producing goods and services.

- Human capital: the knowledge and skill base of workers in society from education, trainings, and experience. Investing in human capital can increase your productive capacities as an economy. McDonald's and many companies will pay for associated colleges.

Capital: Items used to produce goods and servies: machines, tools, buildings. NOT: money, stocks.

Land: Nature that we use to produce goods and services: water, animals, minerals

entrepreneurship: resource that decides how to organize the land, labor. and capital of production; makes decisions and bears risks.

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technology falls under capital, since it is able to produce goods and services. In the future, this may fall under its own category use they are able to produce larger things.

How does scarcity impact human behavior?

must make choices about how to use scarce resources.

Definition (Tradeoffs)

alternatives that are considered when making a choice.

Definition (Opportunity Cost)

value of the next best alternative when making a decision.

example: by watching a movie at home instead of going out with friends, you are trading the benefits of added stress of going out with friends.

How do individuals make the best decisions?

Benefits: the added satisfaction and benefit when a good is purchased.

Costs: The added costs (and opportunity costs) when a good is purchased.

- Most expensive summer game ever.
- Cost over 20 billion by the end.

What are the trade-offs of hosting?

- You often lose money.
- There would be no spectators this year because of COVID-19.

