



Economics

Unit I: Foundations

What is an Economy?

- A system of institutions and organizations that either help facilitate or are directly involved in the production and distribution of goods and services.



What is Economics?

- The study of how people make choices when they face a limited supply of **resources**.
- It is the study of labor, land, and investments, of money, income, and production, and of taxes and government expenditures.
- **Economists** seek to measure well-being, to learn how well-being may increase over time, and to evaluate the well-being of the rich and the poor.



Micro v. Macro

- **Micro-Economics:** Examines individual or small scale economics. One person, one home, one industry, etc.
 - *Example: A business studies it's own pricing so it can possibly increase demand for their product.*
- **Macro-Economics:** Examines entire economic systems and global relations. Many factors are considered (unemployment, price levels, growth rates, GNP, GDP).
 - *Example: How might a government policy impact inflation and unemployment rates?*

Why You Might Care...

For me, economics is about the world around us; it's current; it's always changing; it's always interesting. It's the subject that allows you study Tesco's and ASDA's methods of competition one day, and learn about the environment and pollution permits the next. It's about the modern world; it's about how we behave, how businesses behave and how the government behaves.

Economics teaches how to make well-informed decisions. A large part of the subject is decision making: what should the government do to cut the budget deficit; what should a business do to raise profit margins. It teaches us how to go about making choices

-James McCullagh – The Young Apprentice on BBC

Why You Might Care...

1) How to manage the macro economy

- I. *How to reduce unemployment*
- II. *Policies to reduce inflation*
- III. *Improve government subsidized programs such as welfare*
- IV. *Help veterans*
- V. *Lower prices of “wants”*

2) Overcome market failures

- I. *Fix “broken” systems*
- II. *Control externalities - Produce more good, eliminate bad (pollution)*

3) Efficiency

- I. *What taxes/regulations might stimulate the economy?*

4) Individual Economics

- I. *Improve ability to make positive economic choices in a market*

Resources



The factors used in producing goods or providing services

Scarcity

- ❖ The fundamental economic problem of having seemingly unlimited wants in a world of limited resources.
- ❖ Society has insufficient productive resources to fulfill all wants and needs



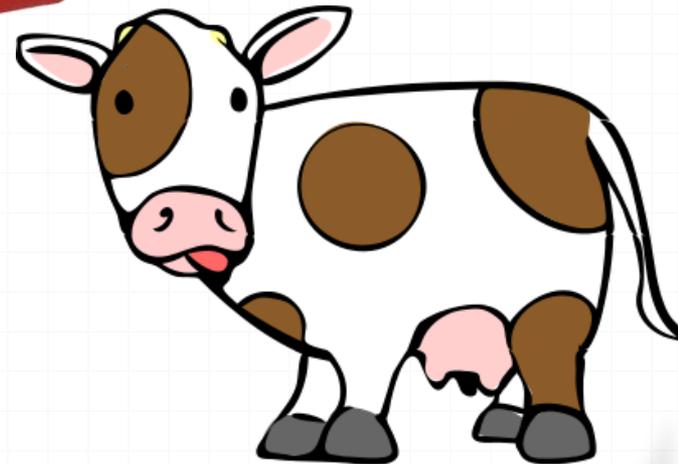
Scarcity

1. It must involve something that is commonly desired
2. It must have more than one use
3. It must be something that exists only in limited amounts.

*Items may become scarce or common



Gasoline becomes scarce when global trade limits supply to the country. Cows may become scarce due to disease and affect milk, cheese, & beef availability. Government legislation may affect the availability of ammunition for guns.



Needs v. Wants

○ Needs:

- Something necessary to remain alive
- Food
- Water
- Shelter
- Clothing*
- Military*
- Schools*

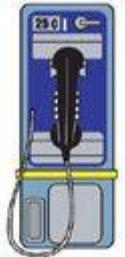
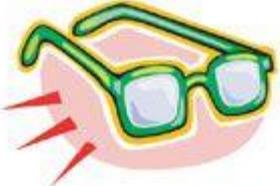
○ Wants:

- Something that is not needed to survive but makes life better.
- Toys*
- Movies*
- Experiences*
- Vehicles*

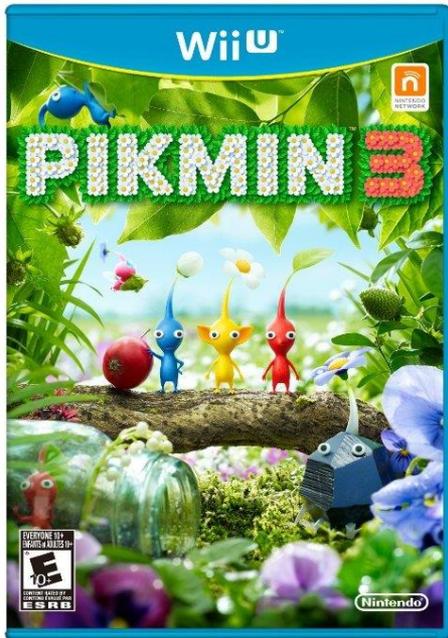


*Subjective

Goods v. Services

1  a good <input type="checkbox"/> or a service <input type="checkbox"/>	2  a good <input type="checkbox"/> or a service <input type="checkbox"/>	3  a good <input type="checkbox"/> or a service <input type="checkbox"/>
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10  a good <input type="checkbox"/> or a service <input type="checkbox"/>	11  a good <input type="checkbox"/> or a service <input type="checkbox"/>	12  a good <input type="checkbox"/> or a service <input type="checkbox"/>

- **Goods:** Items people, businesses, and governments buy.
 - Goods are usually manufactured but may be naturally collected.
- **Services:** Work done for others that cost a fee.
 - These actions can be done by people, businesses, or the government.



Pikmin 3

by Nintendo
Platform : Nintendo Wii U | Rated: Everyone 10+
★★★★☆ 296 customer reviews | Metascore: 87 / 100

Price: \$90.00 & FREE Shipping. Details

In Stock.

Sold by Shopville USA and Fulfilled by Amazon. Gift-wrap available.

Platform: Nintendo Wii U

Nintendo Wii U \$90.00	Wii U Digital Code \$59.99
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- Command a legion of adorable Pikmin in a fight for survival
- Enlist armies of Pikmin to solve puzzles and defeat monsters
- Explore a beautiful, living world through a pint-sized perspective
- Challenge a friend in a frenetic battle mode

25 new from \$84.01 16 used from \$70.00 1 collectible from \$74.99



Most Gifted Wii U Games

Shortage

- Shortages differ from scarcity.
- Shortages are when supply does not meet demand *but it could.*
- Real v. False shortages
 - Artificial prices occur



Mega yarn yoshi

Item condition: **New**

Ended: Nov 27, 2015, 11:28PM

Winning bid: **US \$67.00** [1 bid]

Shipping: **\$5.75** Expedited Shipping | [See details](#)

Item location: Greenwich, New York, United States

Ships to: United States and many other countries | [See details](#)

Delivery: Estimated within 5 business days

Payments: **PayPal** **VISA** **MasterCard** **DISCOVER**

Credit Cards processed by PayPal

[See details](#)

Returns: Seller does not offer returns. You are covered by the **eBay Money Back Guarantee** if you received an item that is not as described in the listing.

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Resources

- o <http://study.com/academy/lesson/what-are-economic-resources-definition-types-examples.html>
- o <http://www.shmoop.com/economic-systems/>