

# 1.1- THE STUDY OF ECONOMICS

**Demonstrate an understanding of basic economic principles.**

**By: Carter Greene**

# KICKOFF:



- ❖ **KICKOFF IS NOT ON GOOGLE CLASSROOM**
- ❖ On the top of your notes today (under the objective) write down one difficult decision you have had to make in your life. Write down ALL of the factors that affected the decision you made.
- ❖ **Roll Call:** Favorite breakfast food?



# ANNOUNCEMENTS:

- ❖ **9/5**– Have Section 1, Module 2 read
- ❖ Hour homeroom this week
- ❖ Quiz next week
- ❖ Test next week
- ❖ **MACK IS BACK**



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# ECONOMICS IS EVERYWHERE AROUND US...

- ❖ Economics- study of how decisions are made and how people seek to satisfy wants and needs, in a world of limited resources.
  - Scarcity and choices
- ❖ Other than resources, what else is scarce?
  - Time, money, space, etc.

# THE DECISION MAKING PROCESS

- ❖ Incentives- motivations for a decision
  - Positive incentive- expected reward
  - Negative incentive- expected punishment
- ❖ Go back to your list from the K0



# TRIVIA TIME

- ❖ Peter Diaz received the Morehead-Cain scholarship to Carolina. The Morehead-Cain scholarship provides students with, among other things, an all expenses paid, full ride to the University of North Carolina. Peter and his family will pay ZERO DOLLARS to attend Carolina for 4 years. What was the cost of Peter going to college?
  - 4 YEARS SALARY

# OPPORTUNITY COST



- ❖ Value of what is given up when a decision is made
- ❖ You buy \$25 worth of McDonalds for dinner. What's the opportunity cost?
  - More than just monetary losses
- ❖ Look back at your decision from earlier and decide what the opportunity cost was?





# MARGINAL ANALYSIS

- ❖ Margin = additional
  - Costs and benefits of doing a little more vs a little less
  - Utility- enjoyment/satisfaction
  - Cost
  - Benefit
  - Revenue

# CHICKIN 'N' CHEDDAR



**Time  
Out**

# FACTORS OF PRODUCTION

- ❖ Resources required for production of all goods and services
- ❖ Land- Natural resources
- ❖ Labor- effort of worker
- ❖ Capital- productive equipment or machinery
- ❖ Entrepreneur- risk taker, innovator, who combines other factors of production

SORT ALL YOUR ITEMS FROM YOUR CHICKEN AND CHEDDAR LIST

LAND



LABOR

CAPITAL



ENTREPRENEUR

# SORT THESE QUESTIONS INTO TWO CATEGORIES

- ❖ 1- Should I watch the game or workout?
- ❖ 2- How much should Wells Fargo pay their investment bankers?
- ❖ 3- How should the Federal Reserve attempt to curb inflation?
- ❖ 4- What policies should be used to discourage the emission of greenhouse gasses into the atmosphere.
- ❖ 5- What incentives should Direct TV offer its customers?
- ❖ 6- How much money should a family of 5, with a monthly income of \$100,000 spend on groceries per week?
- ❖ 7- What can be done to raise the employment rate in the United States?
- ❖ 8- How will the tariffs imposed on Chinese goods affect the employment and GDP in the United States.

# MICRO V. MACRO

- ❖ Microeconomics– study of choices made by individuals, families, or firms
  - How should Jake spend the \$5 his grandmother sent him?  
How much money should the Greene's put in retirement?  
Should the Panthers sign a veteran DE
- ❖ Macroeconomics– study of big picture choices made by nations
  - Employment, GDP, GNP, Inflation, Economic Policy

# SORT THESE QUESTIONS INTO TWO CATEGORIES

- ❖ 1- Who should pay more in federal taxes; the upper or lower class?
- ❖ 2- How much additional revenue will the federal government receive if they raise all tax brackets by 2.4%?
- ❖ 3- Should marijuana be legalized?
- ❖ 4- Does Brooke spend too much time watching TV?
- ❖ 5- What will Disney's profits be if it releases a new Lion King movie?

# POSITIVE V. NORMATIVE

- ❖ Positive Economics– economic analysis that can be proven/ based on fact
  - Based on scientific method, can be tested (correct or incorrect)
- ❖ Normative Economics– economic analysis involving value judgments
  - Morals, opinions, right v. wrong



# ZOO TYCOON

- ❖ You have 20 acres of land to build your zoo. Each attraction requires a predetermined amount of space.
- ❖ Must have at least 2 entry/exit gates
- ❖ At the bottom of the sheet tally up how many acres you spent on each attraction
- ❖ Write a half page to one page paper describing why you designed the zoo the way that you did.
  - Reasoning for attractions you chose, who you were trying to attract, rationale for why you located attractions in specific places in the park, etc.
- ❖ What is the goal of the Zoo?

# ALPHA BOX VOCAB

- ❖ For each letter of the Alphabet, write down 3 words that you think you will find in the glossary or index of your Textbook.
- ❖ Afterwards you will check how many words you correctly predicted as vocab words for AP Economics.

# CLOSURE

- ❖ Go to Google Classroom and complete the assignment “8/30- Closure”
  - What is marginal analysis and why is it important for economist to think on the margins? Answer in one strong paragraph.