

Defining Economics



Objective

In this lesson, you will

Introduction

Resources are the _____ needed to carry out plans.

- Examples include: money, _____, _____, skills, and tools.

What Is Economics?

Limited resources: when the quantity of resources available is small and/or finite.


- Example: Tom is short on the _____ and _____ he needs to buy his snowboard.
- Decisions based on the availability of resources demonstrates the principle of _____.






Economics is the study of how we fulfill our _____ _____ _____ _____ using the limited resources we have.

Economics affects all three levels of society:

Personal	Business	Government
Limited resources affect individual _____, such as managing time and money.	Businesses strategize to use their resources more _____. For example, to decide how _____ workers they should employ for a project and how much to _____ them.	Officials make decisions based on a _____ number of resources. For example, to decide between funding a _____ community center or a _____ construction project.
Economics is a _____ in which all parts are connected and _____ to each other. This is known as <u>_____ interdependence</u> <u>_____ independence</u> .		

 The study of economics is divided into two branches:

  	<p>Microeconomics = the study of individual and business economic decisions</p> <p>Macroeconomics</p>
	<p>Microeconomics = the study of governmental economic decisions</p> <p>Macroeconomics</p>
	<p>The two branches are _____, which means that _____ by businesses and individuals affect governments, and vice _____.</p>

Terms Related to Economic Principles

Needs and wants form the basis of _____.

Needs: necessities such as _____, clothing, and shelter.


Wants: goods or services we wish for but can easily do _____.

Society and individuals have _____ and cannot fulfill all wants and needs.

Scarcity: the _____ between what we want and limited resources.

Services:	Goods:	Consumers:
<p>activities that one person or business does for _____, such as, education, health care, and haircuts</p>	<p>tangible _____ like food, clothing, and tools</p>	<p>_____ who buy goods and use services. All of us are consumers of both _____ and services</p>



Opportunity cost is a product of value scarcity. 

- Society's _____ resources cannot satisfy all needs and wants.
- If we select one option, we have to _____ others.
- Opportunity cost is the _____ of the choice that we give up.
- For example, if we choose to eat pudding instead of ice cream for dessert, the opportunity _____ of eating pudding is _____ ice cream.

Why Do I Care?

Economics affects you indirectly directly, as a consumer, a worker, and a citizen.

- use your knowledge of resources and their _____ to make wise choices
- knowing the _____ of _____ can give you a good idea of how much to pay for those goods and services

Economics can help you _____ that governments make decisions about how to use your _____ money. As a citizen who understands the basics of _____, you can exercise your right to vote for the political candidates who agree with your views on how to spend the taxpayers' money.

Summary

Imagine you are shopping for new clothes. Would this be a need or a want? Why? What would be your opportunity cost?