**Economics Chapter 1: What is Economics?**

**Broken Notes Outline**

**LESSON ONE**

**THE MAJOR PROBLEM OF ECONOMICS IS \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

* All \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are limited
* Human beings have \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Human beings form \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to get their needs and wants fulfilled in the most \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ way possible.
* In \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, societies are made up of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (CONSUMERS and LABOR), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (ENTREPRENEURS and PRODUCERS) and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(regulation, protection, provision of services)

**WHAT IS ECONOMICS?**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that studies how human beings and societies use scarce resources to fulfill their needs and wants
* Wants and needs are often discussed in connection to how much \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ something has to fulfill the want and need.
* This can lead to a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ explained about what \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is and that people with all their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are the true source of wealth is for any nation. He also explained how VALUE is derived in his book *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_* (1776)

**WANTS and NEEDS**

* Human beings try to satisfy their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ through the use of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Goods are categorized into \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Goods and services take up resources
* In economics, resources are often called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**CHOICES**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ have to be made because there aren’t enough\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to satisfy everyone’s wants and needs.
* The problem of not having enough \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* When we talk about \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ we have to make because of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, we often talk about what we had to give up to get what we wanted. These choices are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**MORE CHOICES**

* We need to keep in mind that every \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ has a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ associated with it.
* This concept is illustrated by the acronym \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (There Is No Such Thing As A Free Lunch)

The concept of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refers to the fact that \_\_\_\_\_\_\_\_\_\_\_ economic product is ever \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Someone has to pay for it somewhere: creation, production, shipping distribution, sales, labor, management, and advertising

**EVEN MORECHOICES**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ make choices; individual people make choices as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (FIRMS) make choices; the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ makes choices
* The choices that societies have to make about resource \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can be summed up into \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ every society must ask itself:
  1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are we going to produce?
  2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_are we going to produce it?
  3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_gets what we produce?

Because we must make choices about resources, there are 3 Questions all societies must ask

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ARE WE GOING TO PRODUCE?**

* Guns or butter?
* Civilian or military?
* Public or private?

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ARE WE GOING TO PRODUCE?**

* Mass produce or piece by piece?
* Human beings or robots?
* Small business or corporation?

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GETS WHAT WE PRODUCE?**

* The workers who made them?
* The military?
* Whoever can afford to buy them?

**IN OUR ECONOMY, THE ANSWER TO THE QUESTIONS IS** (inset box on slide)

1. We will make whatever we think will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with the resources we have on hand
2. We will make them in the most \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, cost efficient and resource efficient way
3. Whoever can \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ them can get them

****

**CHAPTER 1 – LESSON 2: OUR ECONOMIC CHOICES**

I. Choices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Make – producers need to figure out what resources they will need and the best way to use them. These resources are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Factors of Production – Resources required to produce the things we want and need. The four factors are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. \_\_\_\_\_\_\_\_\_\_\_\_\_ – gifts of nature or natural resources not created by people

* + 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    2. Minerals
    3. Ore
    4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    5. Sunshine
    6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
    7. Waterways
    8. Deserts

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – Used in the production of goods and services. There are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

a. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – tools, equipment, machinery and factories used in the production of goods and services.

Examples:

* + A bulldozer at a construction site
  + An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a bakery
  + A computer in a classroom
  + A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a salon
  + An x-ray machine in a hospital

b. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_- the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_needed to purchase capital goods and other factors of production

3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – people with all their efforts and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_who help produce goods and services

1. Does \_\_\_\_\_\_\_\_\_include \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ because they are special and are a factor of production all on their own.
2. Historically, factors such as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, disease, famine and war have great impacts on the quality and availability of labor.

4. Entrepreneurs- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in search of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ who do something new with existing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. Responsible for much of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, progress and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the economy
2. They are the driving force or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the economy because they start businesses, invent, innovate and bring new products to market.

THE  PPC or PPF

The choices that a society makes about resource use and production can be illustrated using a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NOTES ABOUT THE PPC / PPF WILL BE HANDED OUT SEPERATELY

PUT THOSEPAGES BEHIND THIS SECTION OF NOTES IN YOUR NOTEBOOK

**CHAPTER 1-LESSON 3: USING ECONOMIC MODELS**

ECONOMIC GROWTH AND INCENTIVES IN ECONOMICS