Economics Lecture

Chapter 1 – Introduction

- Utility- satisfaction
  - Example: drinking a cold Dr. Pepper after a long run
  - First DP tastes better than 2nd, 2nd better than 3rd, etc
- Resources- land, labor, capital, entrepreneurship
  - Land- natural resources
  - Labor- productive workforce
  - Capital- goods used to produce other goods (hammer – used to make more goods)
  - Entrepreneurship- organize resources (Trump, Mark Kuban)
    - most businesses = small businesses
- rationing device- who gets what
  - In the US, our rationing device is money ($$$)
- opportunity cost- most valued loss/forfeit
  - benefits > costs
- marginal- additional// +1
- unintended effects
  - ex: raising minimum wage would increases unemployment
- ceteris paribus- "all things held constant" as things are currently and will remain with no change
  - Rule of 72: how long it takes something to double
    - Ex: $1000- $2000 with 4% interest
    - 72/4 = 18
    - Would take 18 years to double
  - Diminishing marginal utility- loss of additional satisfaction
- Positive economics: "What is" , the facts
  - Ex: It is 72 degrees in here / I have $300
- Negative economics: "What should be" opinions
  - Ex: it is cold in here, I have a lot of money
- Microeconomics: small scale
  - One single tree in the forest (one industry)
- Macroeconomics: large scale
  - The whole forest of trees (oil trade)