AEco 110 - Prin Eco I: Micro

01/24/2013

- (Tutoring Center TBA) Microeconomics
- Exam February 14th / Cancellation of Class on February 19th).

Chapter One - First Principle

- Economics - The Basic Priciples of Individual Choice and the Interaction of Individual Choices. (The Study of How Resources are Allocated among Alternative uses to satisfy human wants). = In the Face of Scarcity.
- Two Models: Production Possibilities Frontier (PPF) - Shows the combination of [illegible] more goods & Services that can be Produced using an effective [illegible]
- Comparative Advantage - Refers to a Party that can produce [illegible] good at a lower opportunity cost.
- Resources = Is anything that can be [illegible] something else. (Land, Labor & Capital).
- Individual Choice Principle [illegible] are Scarce
  How much is the [illegible] the Margin.
  - [illegible] receives "[illegible]" vs Efficiency - Where making sure opportunities are open for whole
- [illegible] cost - The real cost of an item is its trade-off (what you must give up in order to obtain).
- Tradeoff - You make a trade-off when you measure the cost and benefits of doing a little more versus Doing a little less
- Incentive - Is Anything that offers Rewards to People who change their Behavior.

- Principles of Interaction of Choices
  - Gains from Trade - Persons can get more from what they want (Desire).
  - Markets move Forward Equilibrium
  - Resources Should be used as Efficiently as possible to achieve Society's goal
  - Market usually lead to Efficiency

① Model - A simplified representation of a real Situation.