12/09/2025 Amirhossein Shahabi 227 gr

- scarcity and opportunity cost -

the economy has limited resources like land, workers and machines but people have unlimited wants. This problem is called scarcity. Because of scarcity, we must make choice. every choice has an opportunity cost - the thing we give up to get something else. for example if you choose to study for one hour, the opportunity cost is one hour of swimming or playing.

*Three basic questions:

- 1 what to produce? should we produce more food, cars or military equipment?
- 2 How to produce it? should we use more workers or more machines?
- 3 who gets the goods? should everyone get the same amount or should people who can pay more get more?

*economics have 2 main parts: Microeconomics / Macroeconomics

- Micro → studies small part of economy like how people and businesses make decisions?
- Macro → looks at the whole economy: it studies things like total production, jobs. inflation and economic growth.

*Positive analysis:

uses facts to say what will happen: for example if the government reduces spending then prices may fall.

*Normative analysis:

uses opinions to say what should happen: for example the government should help poor people.

Thanks for your attention