«Topic 1»

scarcity and opportunity cost and the basic tasks of an Economy

1- the fandamental Economic problem : scarcity

thecore issue in economics is scarcity which is theimbalance between our unlimited human wants and the limited resources available to satisfy them.

2- oppotunity cost

the cost of any choice is the value of the next best alternative you give up.
it is a key measure of the true sacrifice

in any decision.

3- Theree basic Economic questions:

Due to scarcity every society must answer:

1- What will be produced? choosing what goods services to make.

2- How will goods and services be produced? choosing production methods

3- For whom will goods and services be produced? Deciding how output is distri-bured.

4_ microeconomics vs. Macroeconomics

* microeconomics : studies individual choices (consumers , firms) and how prices are set

* Macroeconomics : studies individal choices whole economy focusing on :

unemployment inflation Economic Growth

5_ positive vs. Normative Analysis :

positive Analysis : objective Testable facts (what is)

Normative Analysis : subjective value judgments (what ought to be)