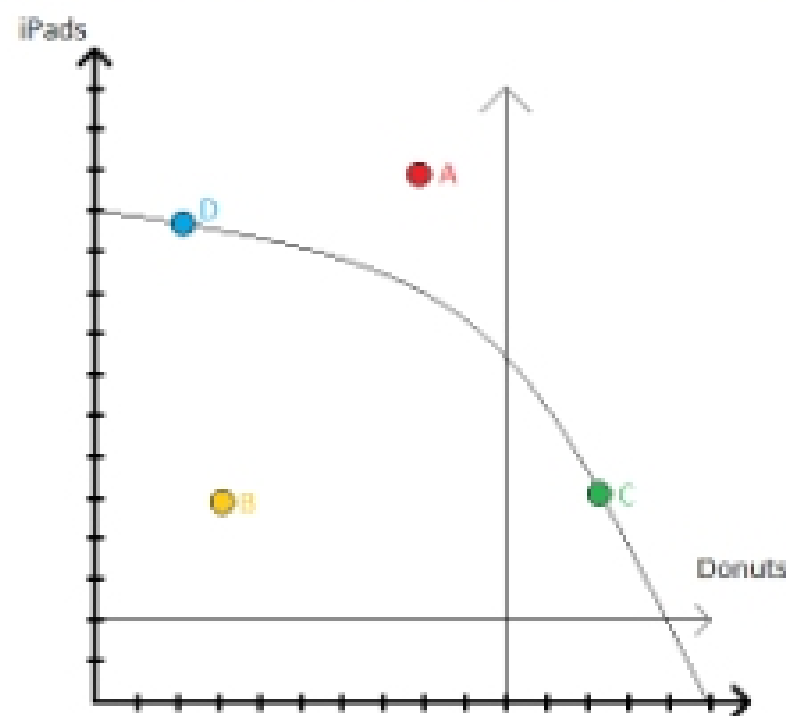
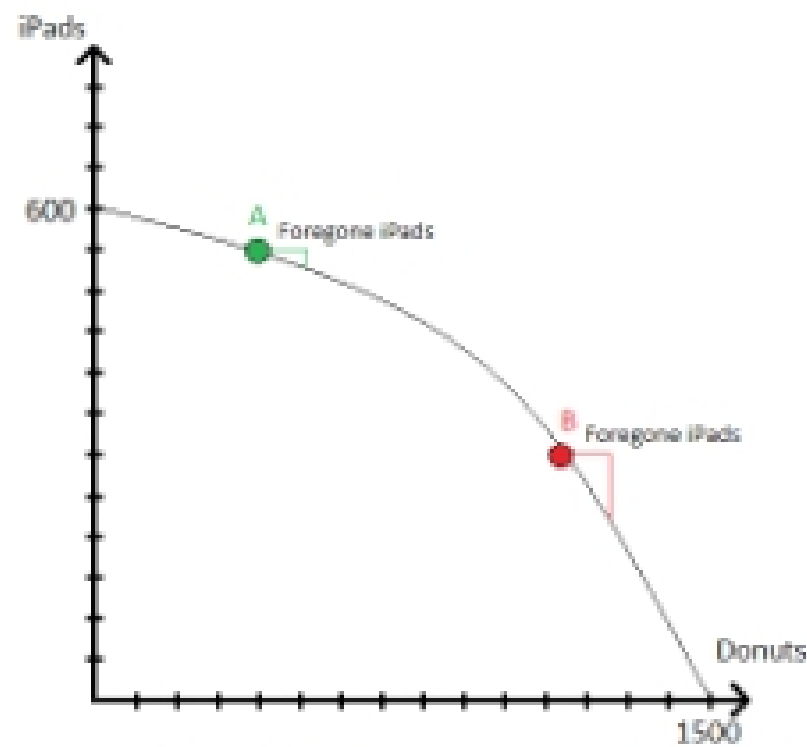


I. Economics

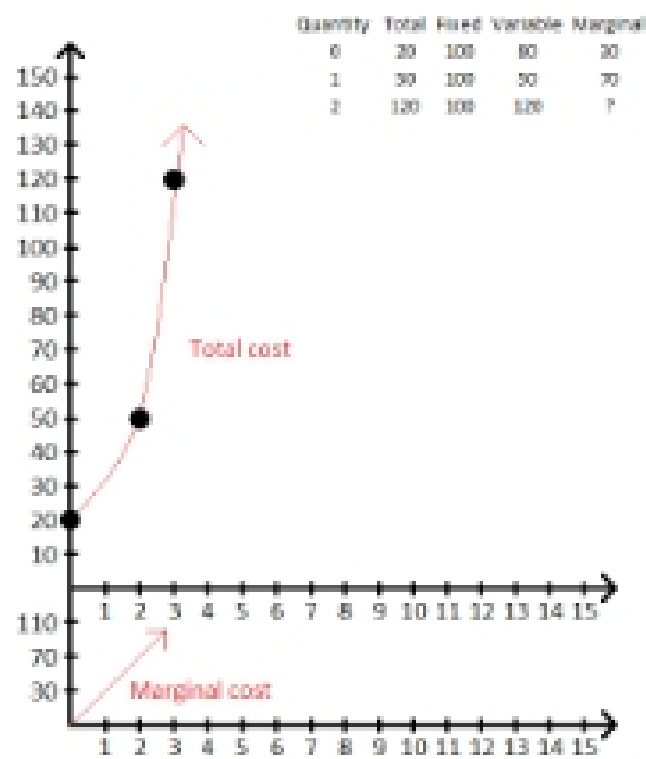
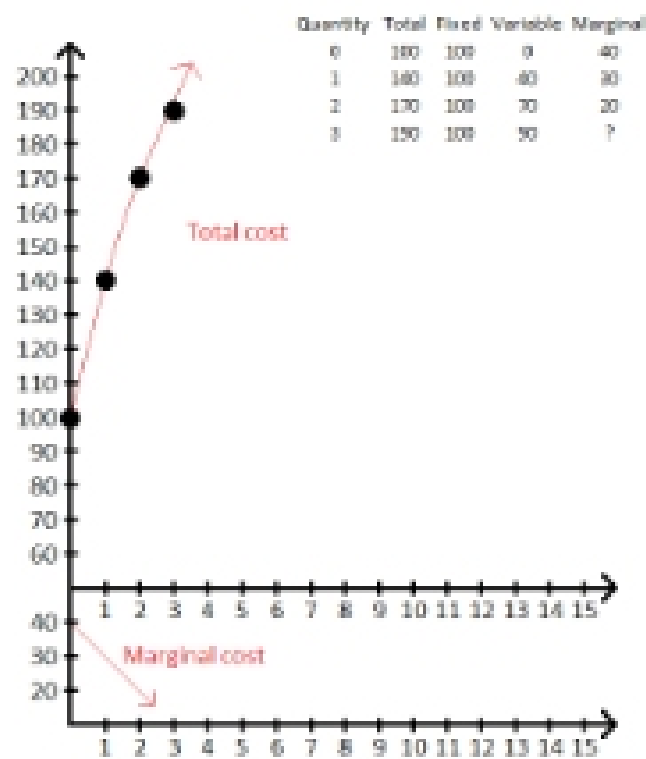
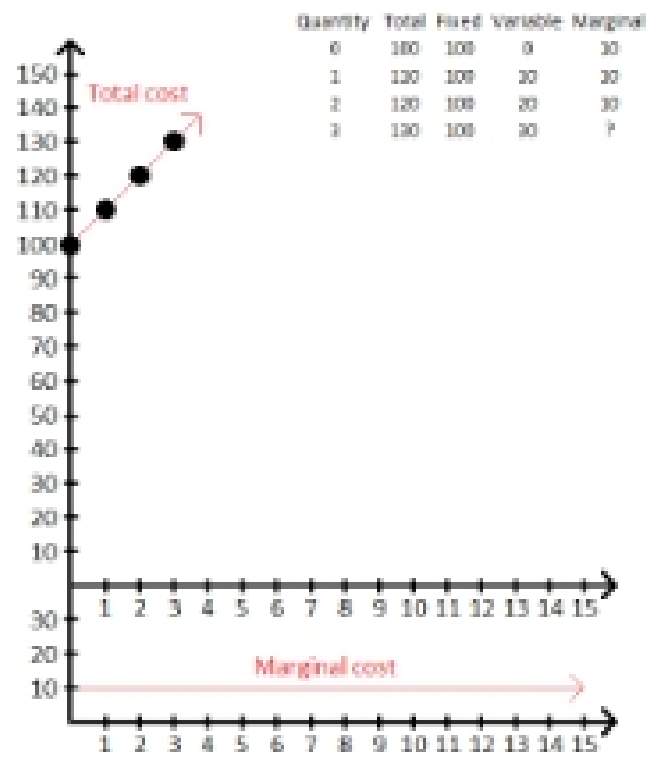
- a. The study of how we allocate scarce resources across competing interests
- b. Parts
 - 1. Microeconomics
 - 2. Macroeconomics
 - 3. Econometrics
- c. Factors of production
 - 1. Natural resources
 - 2. Labor
 - 3. Physical capital
 - 4. Human capital
- d. What should be produced?
 - 1. Trade-offs
 - a. Illustrated by the production possibilities curve



- 1. Production is efficient if
 - a. All factors of production are being used
 - b. All factors of production are being used in their most productive employment
- e. Key principles of economics
 - 1. Opportunity cost
 - a. The cost of foregoing the next best opportunity
 - 1. Opportunity cost = $\frac{\text{Cost}}{\text{Gain}}$



- a. At which point is the opportunity cost the highest?
 1. When more iPads are foregone
 - a. Point B
- b. Economic cost
 1. Cost of accounting cost and opportunity cost
 - a. Accounting cost
 1. Total cost
2. Marginal principle
 - a. Fixed costs (FC)
 1. Costs that do not change with quantity
 - b. Variable costs (VC)
 1. Costs that change with quantity
 - c. Total cost (TC)
 1. Total cost of an activity
 2. Total cost = Fixed cost + Variable cost
 - a. $TC = FC + VC$
 - d. Marginal cost (MC)
 1. The change in total cost when producing one additional unit
 2. The slope along the total cost curve



- e. Total revenue (TR)
1. The amount of money a firm makes for selling goods