

Name - \_\_\_\_\_

Date - \_\_\_\_\_

BCC – Macroeconomics

Decision Making – Opportunity Cost

Individual Decision Making

Alternatives

Criteria


Social Decision Making

Alternatives

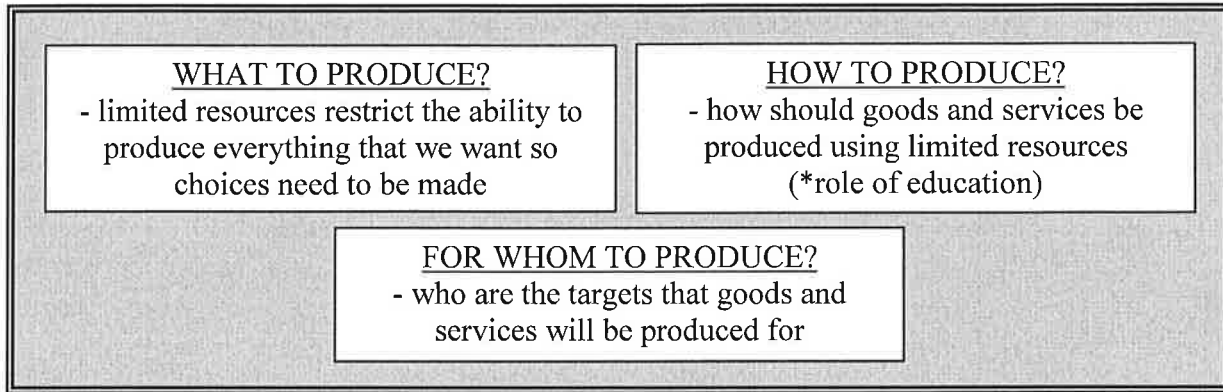
Criteria


## CH. 2 –

*Scarcity forces choices...*

### 3 Fundamental Economic Questions (basic choices):

- every economy must answer 3 fundamental questions



\*In the process of answering these questions and making choices, sacrifices need to be made and the decisions come at a cost

### Opportunity Cost –

- when decisions are made in a choice, the best alternative(s) sacrificed

### Marginal Analysis –

- examines the effects of additions to or subtractions from a current situation

**EX.** Students would like to have a dinner dance at a local hotel and are offering \$400. The hotel would then need to look at their marginal cost which would come to \$300. Should the hotel accept the students' offer?

## Essay



### How can we make the best economic choices?

Because resources are limited, everyone needs to make choices about how they are used. Economics studies how individuals, businesses, and governments make those choices. Making the best economic choices can be complicated. Consider the following choices.

- A student needs to decide whether to get a job after school, take part in an after-school activity, or study longer to get better grades.
- A teacher is deciding if class on Friday would be best spent by giving a lecture, directing small group discussions, or having students do independent research.
- A homeowner is figuring out whether to invest in a new lawnmower, new steps for the back porch, or paint for the house.
- A business owner needs to decide about investing more money for new computers, new delivery trucks, or more employee training.
- A town government is sorting out whether to increase the school budget, hire more firefighters, or make improvements in public parks.
- The U.S. government needs to decide if it should keep a national wildlife area closed to all development, limit development to one area, or allow some development in all areas.



### What Do You Think?

What is your opinion? Write a response to the Essential Question, **How can we make the best economic choices?** Consider the topics above, the Guiding Questions in your textbook, and the activities you have completed in your Journal and at Economics Online, including the WebQuest. See page 183 for a rubric for writing an Essential Question essay.



### Don't Forget

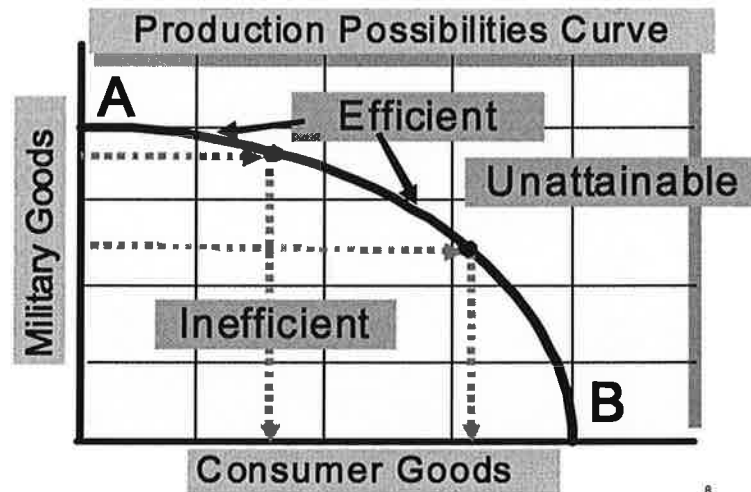
Your answer to this question will help you think about the Unit 1 Essential Question: **How does economics affect everyone?**

## Productions Possibilities Curve

- simple economic model that illustrates the maximum combinations of 2 outputs that an economy can produce in a given period of time with its available resources and technology

### 3 Basic assumptions – ceteris paribus

1. Fixed Resources – resources remain unchanged but they do allow for shifts of resources already existing
2. Fully Employed Resources – economy operation with all its factors of production fully employed and producing the greatest output possible without waste or mismanagement
3. Technology Unchanged – holding existing technology fixed creates limits on the amounts and types of goods any economy can produce

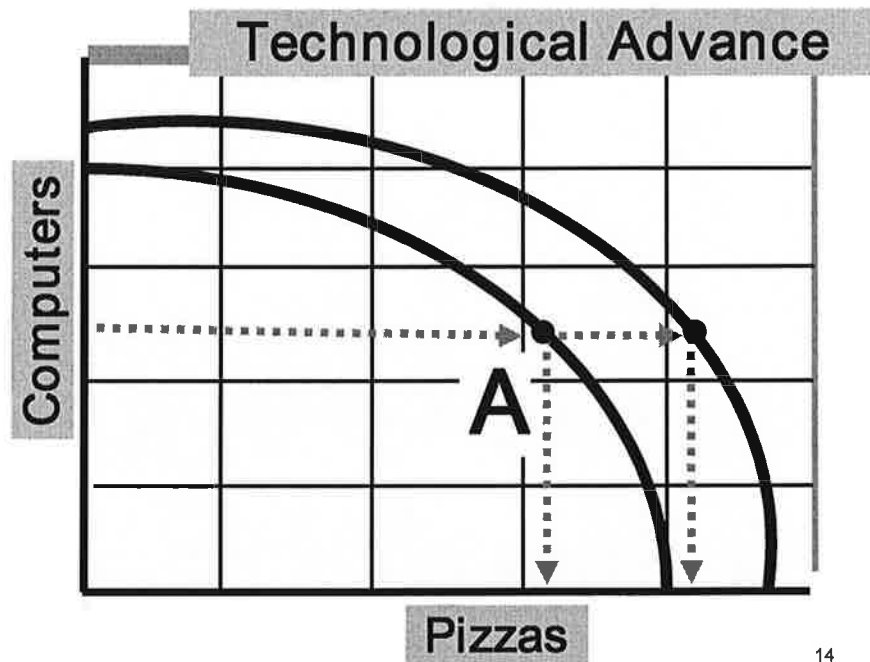


## Law of Increasing Opportunity Cost

- opportunity cost increases as production of one output expands (moving along the line)

## Sources of Economic Growth

- economy's ability to produce greater levels of output, represented by an outward shift of its production possibilities curve
- a. Changes in Resources – gaining new resources or losing resources can cause shifts outward and inward
- b. Technological Changes – new inventions can cause an increase in production



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- c. Investment – accumulation of capital, such as factories, machines and inventories, that is used to produce goods and services

\*leads to a shift in the production of goods

CW/HW – 47-48 #'s 1-7, 10, 11

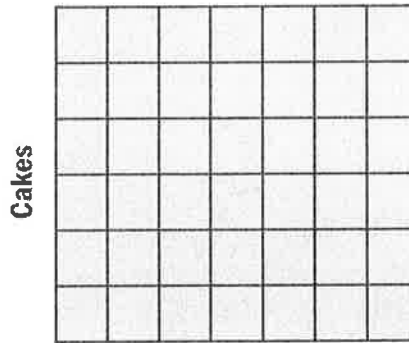
## IV. What and How Much to Produce?

### ➔ Find Out

**A.** Your older cousin is considering selling home-baked cakes and cookies. However, your cousin has just one oven to use, and the cookies and cakes each bake at different temperatures and for different amounts of time. How can your cousin make the most efficient use of one oven? Plot your cousin's production possibilities curve, using the numbers in the table below.

Cakes	Batches of Cookies
0	30
2	29
5	26
9	20
11	12
12	0

Title: \_\_\_\_\_



Label: \_\_\_\_\_

**B.** How can your cousin improve production? How can your cousin avoid underutilization (that is, reducing production)? Mark each of the following items with an **R** if it will improve production (shifting the curve to the right) or an **L** if it will hurt production (shifting the curve to the left).

- \_\_\_\_\_ a bigger oven
- \_\_\_\_\_ a new recipe reduces baking time
- \_\_\_\_\_ hires an assistant
- \_\_\_\_\_ a shortage of flour

### 👤 What Do You Think?

**C.** Suppose that your cousin decides to significantly increase the production of cakes one day. You worry that your cousin is ignoring the law of increasing costs. What would you advise your cousin to do first, and why?

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**D.** Select one business that interests you (for example, a local restaurant). Describe some possible investments in physical capital and in human capital that could improve production possibilities for that business.

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## BUDGET WORKSHEET

CATEGORY		
<b>INCOME:</b>	<b>Yearly (Salary or Wages)</b>	<b>Monthly (/12)</b>
Salary/Wages and Bonuses		
<b>EXPENSES: per month</b>	<b>Actual Amount</b>	<b>Fits into your budget</b>
<b>HOME:</b>		
Mortgage or Rent		
Homeowners/Renters Insurance		
Property Taxes (local & school)		
Home Improvements		
<b>UTILITIES:</b>		
Electricity		
Natural Gas or Oil		
Water and Sewer		
Telephone (Land Line, Cell)		
<b>FOOD:</b>		
Groceries		
Eating Out, Lunches, Snacks		
<b>FAMILY OBLIGATIONS:</b>		
Day Care, Babysitting		
Child Support/Alimony		
<b>HEALTH AND MEDICAL:</b>		
Insurance (medical,dental,vision)		
Out-of-Pocket Medical Expenses		
Fitness (Gym) Membership		
<b>TRANSPORTATION:</b>		
Car Payments		
Gas (2-3x/mo)		
Auto Repairs/Maintenance/Fees		
Auto Insurance		
Other (tolls, bus, subway, taxi)		
<b>DEBT PAYMENTS:</b>		
Credit Cards		
Student Loans		
Other Loans		

<b>ENTERTAINMENT/RECREATION:</b>		
Cable TV/Videos/Movies		
Internet		
Hobbies		
Subscriptions and Dues		
Vacations		
<b>PETS:</b>		
Food		
Grooming, Boarding, Vet		
<b>CLOTHING:</b>		
Clothes		
<b>INVESTMENTS AND SAVINGS:</b>		
401(K)or IRA		
Stocks/Bonds/Mutual Funds		
College Fund		
Savings		
Emergency Fund		
<b>MISCELLANEOUS:</b>		
Toiletries, Household Products		
Gifts/Donations		
Grooming (Hair, Make-up, Other)		
Miscellaneous Expense		
<b>Total Spending for the month</b>		
<b>Monthly Income</b>		
<b>Savings (Mo. Income-Total Spending)</b>		

For expenses incurred more or less often than monthly, convert the payment to a monthly amount when calculating the monthly budget. For instance, convert auto expense that's billed every six months to a monthly amount by dividing the six-month premium by six. This money should be kept separate from your other money so it's available when the bill becomes due.



# Budget Blast

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Accountant (\$54,600)  
Actor (\$43,411)  
Administrative Assistant (\$27,400)  
Advertising Manager (\$78,654)  
Aerospace Engineer (\$72,590)  
Air Traffic Controller (\$107,780)  
Aircraft Pilot (\$148,810)  
Architect (\$73,650)  
Artist or Related Career (\$23,520)  
Astronomer (\$97,320)  
Athlete (\$56,120)  
Athletic Trainer (\$33,940)  
Automotive Service Technician or Mechanic (\$33,160)  
Barber (\$21,200)  
Biological Scientist (\$68,950)  
Biomedical Engineer (\$67,690)  
Bus Driver (\$26,017)  
Cardiovascular Technologist/Technician (\$38,690)  
Carpenter (\$49,990)  
Carpet, Floor, and Tile Installer (\$39,595)  
Cashiers (\$23,877)  
Chef, Cook, or Food Prep Worker (\$42,723)  
Chemical Engineer (\$76,770)  
Childcare Worker (\$22,982)  
Chiropractor (\$69,910)  
Choreographer (\$33,670)  
Civil Engineer (\$64,230)  
Clergy (\$63,130)  
Coaches (\$28,350)  
Computer Scientists (\$85,190)  
Computer Software Engineer (\$85,660)  
Construction or Building Inspector (\$41,620)  
Construction Laborer (\$37,753)  
Construction manager (\$69,870)  
Cosmetologist (\$21,800)  
Curator (\$36,470)  
Customer Service Representative (\$27,020)  
Dancer (\$20.33/hr)  
Dental Hygienist (\$64,910)  
Dentist (\$153,541)  
Dietitians (\$48,090)  
Economist (\$121,274)  
Electrical or Electronic Engineers (\$73,528)  
Electrical or Electronics Installer/Repairer (\$52,435)  
Electrician (\$62,791)  
Emergency Medical Technician (\$40,157)  
Engineer (\$82,582)  
Farmer, Rancher, or Agricultural Manager (\$61,481)  
Fashion Designer (\$73,819)  
Financial Manager (\$94,694)  
Firefighting Occupation (\$55,932)  
Fisher or Fishing Vessel Operator (\$41,471)  
Fitness Worker (\$30,727)  
Flight Attendant (\$37,357)  
Food Service Manager (\$41,780)  
Graphic Designer (\$45,007)  
Home Appliance Repairer (\$35,960)  
Hotel, Motel, or Resort Desk Clerk (\$21,470)  
Human Resources Managers or Specialist (\$79,032)  
Industrial Production Manager (\$83,952)  
Insurance Sales Agent (\$62,489)  
Interior Designer (\$58,151)  
Interpreter (\$39,255)  
Judge (\$109,842)  
Landscape Architect (\$61,927)  
Lawyer (\$102,698)  
Legal Assistant (\$44,881)  
Librarian (\$67,259)  
Machinist (\$49,742)  
Massage Therapist (\$38,762)  
Mathematician (\$64,372)  
Medical Laboratory Technician (\$40,927)  
Meeting or Convention Planner (\$50,787)  
Model (\$34,980)  
Musician (\$49,849)  
Nuclear engineer (\$92,576)  
Nurse (\$65,120)  
Nutritionist (\$50,407)  
Occupational Therapist (\$70,565)  
Optometrist (\$91,964)  
Painter (\$44,647)  
Paralegal (\$60,998)  
Paramedic (\$33,382)  
Pharmacist (\$107,431)  
Pharmacy Technician (\$30,283)  
Photographer (\$30,363)  
Physical Therapist (\$70,113)  
Physician Assistant (\$90,580)  
Physician (\$188,174)  
Physicist (\$119,386)  
Police or Detective (\$42,910)  
Probation Officer (\$50,284)  
Professor (\$79,849)  
Psychologist (\$66,380)  
Public Relations Specialist (\$45,348)  
Radiation Therapist (\$73,266)  
Radio Equipment Installer or Repairer (\$58,388)  
Radio Operator (\$51,175)  
Radiologic Technologist or Technician (\$53,021)  
Rail Transportation (\$53,955)  
Real Estate Broker or Sales Agent (\$41,760)  
Real Estate Managers (\$55,017)  
Receptionist (\$30,072)  
Reporter (\$40,549)  
Retail Salesperson (\$31,049)  
Secretary (\$37,389)  
Security Guard (\$24,542)  
Singer (\$49,849)  
Social Worker (\$41,982)  
Statistician (\$46,033)  
Surgeon (\$263,893)  
Surgical Technologist (\$40,895)  
Taxi Driver or Chauffeur (\$20,369)  
Teacher (\$46,702)  
Umpire (\$21,260)  
Veterinarian (\$91,565)  
Veterinary Technologist or Technician (\$31,247)  
Writers and Editors (\$57,669)

# Budget Blast

# BUDGETING INSTRUCTIONS

## HOUSING: Rent/Mortgage Insurance

<b>Apartment:</b>	\$1,200	\$10
<b>Town House:</b>	\$3,000	\$40
<b>House:</b>	\$4,570	\$70
<b>Mansion:</b>	\$10,982	\$150

**\*\*IF MARRIED, DIVIDE BY TWO\*\***



## FOOD/CLOTHING:

- The minimum for groceries should be \$200/month. All other categories are open.
- After total has been found, multiple total by number of children.



## HEALTH/BEAUTY:

**Insurance:** \$116.00 x number of children

- All other categories are open.



## UTILITIES:

	Apartment	Townhome	House	Mansion
<b>Electricity:</b>	\$30	\$85	\$150	\$210
<b>Water/Sewer:</b>	\$10	\$15	\$25	\$50
<b>Natural Gas:</b>	--	\$30	\$80	\$110

**Telephone:** This is an open category.

**\*\*IF MARRIED, DIVIDE BY TWO\*\***



## TRANSPORTATION:

	Minivan	Sedan	Sports Car	Truck
<b>Car Payments:</b>	\$600	\$450	\$800	\$720
<b>Car Insurance:</b>	\$100	\$85	\$150	\$120

**Car Maintenance:** This is an open category.

**Public Transportation:** This is an open category.



## ENTERTAINMENT:

- All categories are open.
- Must multiply **movies** and **music** by number of children.



## SAVINGS/INVESTMENTS:

**College Fund:** \$50 x number of children

- All other categories are open.



## MISCELLANEOUS:

- All categories are open.
- Must multiply **travel** and **gifts** by number of children.



# Budget Blast



Name: \_\_\_\_\_

**Step One.** Circle one item in each row from marital status to career.





**Single                      or                      Married**

**How many kids?   None                      1                      2                      3                      4                      5                      other** \_\_\_\_\_




**House**

			
<p><b>Apartment</b> Rather let someone else cut the grass? Rent this beautiful 2-3 bedroom apartment.</p>	<p><b>Town House</b> If the urban feel is for you, so is this stunning townhome. At 3 bedrooms it's a steal!</p>	<p><b>Home</b> Everyone needs more space, so why not choose this spacious 4 bedroom home.</p>	<p><b>Mansion</b> You have a ton of stuff and need more space. 12 bedrooms of space? Then this is for you!</p>



**Car**

			
<p><b>Minivan</b> Practical for large families, this minivan seats seven and will carry a ton more! Great for families of all sizes!</p>	<p><b>Sedan</b> A practical car with good gas mileage, the sedan will seat five comfortably and is good for long-distance driving.</p>	<p><b>Sports Car</b> Who cares about seating? This baby seats two, and can get from 0 to 60 in record time. Not very kid-friendly.</p>	<p><b>Truck</b> Who doesn't need to haul stuff? This truck will serve all your hauling needs, and comfortably seats four.</p>

**Career**

			
<p><b>Medical</b> Dentist, Doctor, Nurse, Pharmacist, Therapist, etc.</p>	<p><b>Legal</b> Lawyer, Judge, Paralegal, Assistant, etc.</p>	<p><b>Education</b> Teacher, Professor, Principal, etc.</p>	<p><b>Entertainment</b> Dancer, singer, actor, actress, painter, athlete, coach, etc.</p>

		
<p><b>Science &amp; Math</b> Engineering, Researcher, Mathematicians, Statisticians, etc.</p>	<p><b>Service</b> Police, Fire, EMT, Retail, Beauty, Clergy, Cook, etc.</p>	<p><b>Business</b> Insurance, Management, Real Estate, etc.</p>

# Budget Blast

Name: \_\_\_\_\_

**Step Two.** Find out how much you would make *on average* in your chosen career.

Career: \_\_\_\_\_ Salary: \_\_\_\_\_



**Step Three.** Find out how much you're paying in TAXES! Keep in mind that these are only FEDERAL taxes. There are several other kinds of taxes that you would pay in real life.

These are called tax brackets. You pay taxes based on how much you earn. Circle the tax bracket that applies to the career you've chosen!

<b>10%</b>	<b>\$0—\$8,375</b>
<b>15%</b>	<b>\$8,375—\$34,000</b>
<b>25%</b>	<b>\$34,000—\$82,400</b>
<b>28%</b>	<b>\$82,400—\$171,850</b>
<b>33%</b>	<b>\$171,850—\$373,650</b>
<b>35%</b>	<b>\$373,650+</b>

$$\frac{\text{Salary}}{\text{Salary}} \times \frac{\text{Percentage of Taxes}}{\text{Percentage of Taxes}} = \frac{\text{Total Taxes Paid}}{\text{Total Taxes Paid}}$$

$$\frac{\text{Salary}}{\text{Salary}} - \frac{\text{Total Taxes Paid}}{\text{Total Taxes Paid}} = \frac{\text{Spensible Income}}{\text{Spensible Income}}$$



**Now it's time for you to set a budget. Go to worksheet p. 3 and do your best to set a monthly budget. Follow the instructions that the teacher gives you carefully!**

**Step Five.** Are you making enough money to live with the budget that you set?

$$\frac{\text{Monthly Budget}}{\text{Monthly Budget}} \times 12 = \frac{\text{Total Yearly Spending}}{\text{Total Yearly Spending}}$$

$$\frac{\text{Spensible Income}}{\text{Spensible Income}} - \frac{\text{Total Yearly Spending}}{\text{Total Yearly Spending}} = \text{_____}$$

**Step Six.** Time to make adjustments!



If you got a **positive number**, you're all set! You are making more than you plan to spend, so there will be extra money for your savings account.



If you got a **negative number**, it's time to look back at your budget and make some changes!

# Budget Blast

Name: \_\_\_\_\_

## Monthly Budget

**Step Four.** Fill out this budget as best you can using the numbers your teacher gives you. Remember, you're figuring out how much you'll spend on an item each month!



### HOUSING:

Rent/Mortgage: \_\_\_\_\_

Insurance: \_\_\_\_\_

Home Repairs: \_\_\_\_\_

Home Improvements: \_\_\_\_\_

Home Goods: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### HEALTH/BEAUTY:

Insurance: \_\_\_\_\_

Out of Pocket Expenses: \_\_\_\_\_

Fitness: \_\_\_\_\_

Grooming: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### TRANSPORTATION:

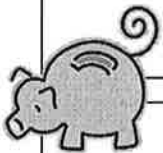
Car Payments: \_\_\_\_\_

Car Insurance: \_\_\_\_\_

Car Maintenance: \_\_\_\_\_

Public Transportation: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### SAVINGS/INVESTMENTS:

Savings: \_\_\_\_\_

Retirement: \_\_\_\_\_

Stocks/Bonds: \_\_\_\_\_

College Fund: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_

### FOOD/CLOTHING:

Groceries: \_\_\_\_\_

Dining Out: \_\_\_\_\_

Snacks: \_\_\_\_\_

Clothes: \_\_\_\_\_

Shoes: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### UTILITIES:

Electricity: \_\_\_\_\_

Water/Sewer: \_\_\_\_\_

Natural Gas: \_\_\_\_\_

Telephone: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### ENTERTAINMENT:

Movies: \_\_\_\_\_

Music: \_\_\_\_\_

Cable: \_\_\_\_\_

Internet: \_\_\_\_\_

Computer: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



### MISCELANEOUS:

Travel: \_\_\_\_\_

Pets: \_\_\_\_\_

Gifts: \_\_\_\_\_

Donations: \_\_\_\_\_

Other: \_\_\_\_\_

**TOTAL:** \_\_\_\_\_



**Monthly Budget Total:** \_\_\_\_\_

# Budget Blast

Name: \_\_\_\_\_

## Needs and Wants

Tanya was a middle school student. She was good at math, had some trouble with English, and excelled at sports. She lived with her parents, her grandmother, and her two sisters. Her parents gave her a weekly allowance as long as she completed simple chores. She really disliked chores, but she really liked her weekly allowance so she did them anyway. Every week she would get excited about things to buy.

Things change though, and when the economy started to have troubles, so did Tanya's family. Her dad lost his job and her mother's hours got cut, which meant she was bringing home less money. Tanya's parents explained that they wouldn't be giving her an allowance anymore. "But how will I buy the things I need?" Tanya asked her grandmother. "Tanya," her grandmother replied, "it's time for you to learn the difference between things you *need* and

What do you think Tanya's grandmother means about the difference between wants and needs?



"A need," continued Tanya's grandmother, "is something that is required for survival. A want is something you would like to have, but don't actually need."

"I see!" said Tanya. "Things like food and housing are needs, and things like candy and CDs are wants!"

"Exactly," said Grandma. Tanya shared this new information with her parents and together they sat down to talk about their budget. They decided that a good way to help cut spending in their budget was to put an "N" next to things they needed to spend money on and a "W" next to things that they just wanted. Those were the areas in which they could start saving money!

Now it's *your* turn to follow the example Tanya's family has set:

**Step One.** Look at your monthly budget and put and "N" next to needs and a "W" next to wants.

**Step Two.** Then make a list of five of each of them here:

NEEDS	WANTS
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.