***1/27/15 Notes***

* ***Demand:*** is the desire to own something and the ability to pay for it
* ***Law of Demand:*** consumers buy more of a good when the price goes down, and buy less of a good when the price goes up
* ***Substitute Effect:*** when consumers react to an increase of one good, they buy less of more of the other goods
* ***Income Effect:*** buying changes when there is a change in real income
* ***Demand Schedule:*** *(talking about one person)* a table that lists the amount of a good that a person will buy at different prices
* ***Market demand schedule:*** table that shows the quantity of a good demanded at each price by all buyers
* ***Demand curve:*** a graph that shows a demand schedule



* ***Ceteris Paribus:*** Latin phrase that means “all other things held constant”
* ***Normal good:*** a good that consumers demand more of when their income goes up (increase demand)



* ***Inferior good:*** a good that consumers demand less of when their income goes up (decrease demand)



* ***Elasticity of demand:*** a measure of how consumers react to a change in price (happens right away)

***Percentage change in quantity demand***

* + ***Elasticity = Percentage change in price***
* ***Inelastic:*** describes demand that is not affected to change in price
* ***Elastic:*** describes demand that is affected to change in price
* ***Unitary elastic:*** describes demand that has a elasticity exactly equal to 1
* ***Total revenue:*** total amount of money a firm receives by selling goods or services
* ***Revenue Table: (see table below)***

|  |  |  |
| --- | --- | --- |
| *Price of a slice of Pizza* | *Quantity demanded per day* | *Total revenue* |
| *$.50* | ***300*** | ***$150*** |
| *$1.00* | ***250*** | ***$250*** |
| *$1.50* | ***200*** | ***$300*** |
| *$2.00* | ***150*** | ***$300*** |
| *$2.50* | ***100*** | ***$250*** |
| *$3.00* | ***50*** | ***$150*** |

***1/29/15***

* ***Elasticity and Revenue: (see arrows below)***

***Elastic Demand***

***Inelastic Demand***

* ***Supply:*** the amount of goods available
* ***Law of Supply:*** the higher the price, the tendency that more a product gets made
* ***Quantity supplied:*** the amount of a good that is made at a certain price
* ***Supply Schedule:*** shows the relationship between price and the amount produced of a specific good

***How many slices of pizza one pizzeria will offer at different prices***

|  |  |
| --- | --- |
| *Price per slice of Pizza* | *Slices supplied per day* |
| *$.50* | ***100*** |
| *$1.00* | ***150*** |
| *$1.50* | ***200*** |
| *$2.00* | ***250*** |
| *$2.50* | ***300*** |
| *$3.00* | ***350*** |

* ***Variable:*** things that can change
* ***Elasticity of Supply:*** measures how suppliers will react to a change in price (takes time to happen)
	+ Make more orange juice…have to plant trees to make oranges and then to make orange juice…this could take months or years to do
* ***Demand elasticity:*** it is immediate
	+ You see that a good is expensive 🡪 you don’t buy it
* ***Compliment:*** goods that go together
	+ Ex: Burgers and fries
* ***Substitutes:*** goods used in place of one another
	+ Ex: buy a snowboard instead of skis
* **Market equilibrium (market price):** the point where there is no excess supply and no excess demand
	+ where supply and demand are balanced

***2/2/15***

* ***“Big Blue”:* IBM (International Business Machines)**
* ***Fixed cost:*** a cost that does not change (rent, debt services: making monthly payments to creditors)
* ***Variable cost:*** cost that goes up depending on how much is produced (most costs)
* ***Fixed costs + Variable costs = Total cost***
* ***Marginal cost:*** the cost of producing one more unit of a good
* ***Operating cost:*** the cost of operating a facility (store, factory)
* ***Subsidy:*** when someone else is paying a bill…a government payment that supports a business or market
* ***Excise tax:*** a tax on the production or sale of a good
* ***Equilibrium:*** no excess demand or supply

***2/4/15***

* ***Disequilibrium:*** there is an excess of supply or demand (will never happen in free economy)
	+ Excess in supply in the minimum wage workers 🡪 causes unemployment
* ***Price ceiling:*** a price that the government says you can’t charge more than (rent control)
* ***Surge cost:*** cost associated with trying to get a better deal (time, gas cost)
* ***Supply Shock:*** a shortage caused by an extreme event
	+ ex: natural disaster
* ***Black market:*** any market that is illegal

***2/9/15***

* ***Perishable:*** something that goes bad; sell it before a certain date
* ***Surplus:*** too much of a good
* ***Minimum wage:*** the lowest an employer can pay a worker
* ***Trade barriers:*** when a government puts a tax or limit on imported goods; makes people buy the domestic goods
* ***Free trade:*** no trade barriers on imported goods