**1/8/15 Notes**

-Economics is: study of production, distribution and consumption of things you buy.

-Consumer buys something to use it

-Economic Problem - all humans have the same problem…problem is “want” (want is unlimited-can go on forever)

- ***All resources are scarce:*** (scarce – limited) (resources are anything that can be turned into money)

***- Factors of production:*** things you must have to produce goods/services (Land, labor & capital)

-*Land:* natural resources that you can make money with (water, air)

-*Labor:* people working for pay

-*Capital:* man made resources (box of tools, a factory)

***-Types of capital:***

-Physical capital: one can be touched (factory)

-Human capital: in your brain (education) – most important in the factors of production

***- Entrepreneur*** – someone that risks capital they have to start a new business (Bill Gates, Steve Jobs, Oprah)

*- Opportunity Cost: most desirable of the things you don’t do or don’t choose*

*Trade off:* *things you give up when making a choice*

**1/9/15**

-Securities are investments

-2 types of securities (stocks & bonds)

*-Stock:* portion of the ownership of a company (a company owned by stockholders is a corporation)

-Stock is equity (ownership)

*-Bond:* a loan or borrowed money (debt)

-Less risk than stocks

-Investment is when you take your capital (money) and risk it to gain more capital (if you want to make a lot of money you have to risk a lot of money)

-Investors buy securities

**1/12/15**

* A government borrows money is by issuing bonds – investors buy bond
* Credit determines amount of interest paid
  + Credit score is a record of your previous borrowing
* Government of the US has the best credit in the world (pays little interest)
  + Lending money to the US government is the best investment (China)

**1/15/15**

* Production possibility curve: a graph that shows alternative ways to use resources



* Efficient: using resources in a way to
* Maximum = most (superlative is an extreme)
* Audit: official examination of the record
* Adam Smith vs Karl Marx
* Adam Smith is a Scottish economist. 1776 he wrote the Wealth of Nations
  + Adam Smith invented free market (capitalism & free market economy)
  + A country can reach its maximum production if buyer and sellers can do what they want
  + Market: a place where buyers and sellers come together to exchange goods and services
  + *Free market-* economic system where factors of production are controlled by private individuals
* Karl Marx is a Russian economist. Invented *command economy* - all resources owned by the government

**1/16/15**

* *Corporation:* a company owned by stock holders
  + Stock holders are anonymous
  + You can sue a corporation, you can’t sue a company
  + Corporation is considered a legal person
* Board of Directors of a corporation hires the CEO
  + People are elected into the Board of Directors
  + Board has the power in a corporation
* *CEO:* Chief Executive Officer is highest paid employee

**1/20/15 *Economic system:*** a way in which a society uses its scarce resources to produce goods

* ***Traditional economy:*** the way most people lived for most of history
  + *Subsistence farming:* growing food to eat
* ***Safety Net:*** policies & regulations to protect people in financial difficulties (entitlements)
  + Welfare, food stamps
* ***Mixed Economy:*** economy in which there are elements of both public and private enterprise
* ***Standard of Living:*** the way people live

**1/22/15**

* ***Economic system:*** a way in which a society uses its scarce resources to produce goods
* ***Traditional economy:*** the way most people lived for most of history
  + *Subsistence farming:* growing food to eat ended with industrialization (beginning of 19th century)
* ***Safety Net:*** policies & regulations to protect people in financial difficulties (entitlements)
  + Welfare, food stamps, wic program
  + Most of the US money spent on Entitlements
* ***Mixed Economy:*** economy in which there are elements of both public and private enterprise
* ***Standard of Living:*** the way people live
* ***Firm:*** a business
* Competition between firms makes goods and services better for consumers
  + Regulating force in a free market
* ***US has a mixed economy leaning toward a free market economy***
* Market economies always produce more than command economies
  + Because people work harder in a market economy
  + If government interferes with market it is for the consumer safety
* If unemployment goes down the economy goes up, if unemployment goes up economy goes down
* ***IRS:*** Internal Revenue Service
* ***Revenue – Expenses = Profit***
* ***Revenue*-** money coming into an institution (ex: business, government, charity)
* ***Lobbyist-***
* ***Microeconomics-*** the study of economics of an individual
* ***Macroeconomics-*** examines major trends for the economy as a whole (big picture)
* ***GDP (Gross Domestic Product)***: total value of all goods and services produced in an economy in a year (In the year 2013 US GDP was 16 trillion dollars)
  + China is second behind the US in GDP

**1/23/15**

* ***Public sector:*** part of economy that government is spending (paid by tax dollars)
* ***Private sector:*** largest part of the US economy; everything that is not government (not paid by tax dollars)
* ***Business Cycle:*** is the downward and upward movement of levels of gross domestic product
* Technology allows for more production from the same scarce resources
* ***Poverty threshold:*** the boundary dollar amount that a household can earn for entitled government assistance.
* ***In Kind Benefit:*** government provides people with what is needed (not money)