1: What Is Economics?

Unit 1: Economic Foundations - *"What is Economics and Why Does It Matter?"*
Standard: Introduction

Lesson Objective: You will learn what economics means and see how it connects to your everyday life. You will understand why you have to make choices about money, time, and what you want, and how these same ideas affect families, businesses, and entire countries. By the end of this lesson, you will recognize economic thinking in your daily decisions and use these ideas to make better choices about your future.

Top 5 Important Items - What is Economics?

1. Economics is the study of choices made with limited resources. You make economic decisions every day when you choose how to spend your money, time, and energy. Whether you're deciding between streaming services or choosing how many hours to work, you're using economic thinking.

2. Scarcity means we can't have everything we want because resources are limited. There are only 24 hours in your day and a certain amount of money in your account. This forces you to prioritize and choose what matters most to you right now.

3. Opportunity cost is what you give up when you make a choice. When you buy the newest smartphone, the opportunity cost might be the college savings you can't build. Understanding this helps you make smarter decisions by considering what you lose from each choice.

4. Microeconomics focuses on individual and business choices that affect your daily life. This includes decisions you make like choosing colleges or comparing prices at stores. It also covers how businesses decide what products to make and what prices to charge.

5. Macroeconomics looks at the big picture of entire economies and countries. This covers inflation, unemployment, and trade between nations. When you hear about rising gas prices or minimum wage changes on the news, that's macroeconomics affecting your life.

Economics is the invisible force shaping every choice you make, from your morning coffee to your college major, and understanding it gives you superpowers for navigating the modern world.

What is Economics? Understanding the Choices That Shape Your Life

Why do sneakers, streaming subscriptions, college tuition, gas, and groceries all cost what they do—and why does it keep changing? The answer lies in economics, a subject that affects every decision you make and every dollar you spend.

When Netflix raises its prices again, you decide whether to keep paying or cancel. When you choose to scroll TikTok for two hours instead of building your resume, you're making an economic choice. When you work shifts through a delivery app rather than hang out with friends, you're experiencing economics in action. Simply put, economics is the study of how people, businesses, and entire countries make choices when they can't have everything they want.

What Economics Really Means

Economics breaks down into a straightforward definition: the study of scarcity and choice. Scarcity doesn't just mean being poor or running out of money. It means that all resources are limited. You have limited time in your day, limited money in your wallet, and limited energy to get things done. Even the richest person in the world faces scarcity because there are only 24 hours in a day.

This reality forces everyone to make choices. You choose between working more hours or having more free time. Your family chooses between a vacation and home improvements. Your school chooses between new computers and updated sports equipment. Every choice involves giving something up to get something else.

TikTok and Instagram earn billions by capturing and selling your attention.

The Power of Opportunity Cost and Trade-offs

A trade-off is any situation where gaining one thing means giving up something else. Opportunity cost is the highest-value trade-off—the best option you gave up when making a choice. When you choose to take Advanced Placement classes, your opportunity cost might be having less time for a part-time job. When you spend money on the latest iPhone, your opportunity cost could be the college fund you can't build as quickly.

Consider this modern example: choosing to scroll TikTok for two hours versus building your portfolio or updating your resume. The opportunity cost isn't just the two hours—it's the potential job interviews, scholarship applications, or skill development you missed. Or when you make instant online purchases instead of saving for future goals, you're trading immediate satisfaction for long-term financial security.

Economics explains why concert tickets cost hundreds but streaming costs dollars.

What is Economics? Understanding the Choices That Shape Your Life

Working 10 extra hours a week at $15/hour earns you $150—but the opportunity cost might be studying that raises your GPA and increases your scholarship chances by thousands of dollars. Understanding these trade-offs helps you make decisions that benefit your future self.

Two Ways to Look at Economics

Your study time is worth $7-15 per hour as an economic investment.

Economics splits into two main areas that help us understand different types of decisions. Microeconomics focuses on individual choices made by people, families, and businesses. When you decide whether to buy name-brand or generic products, that's microeconomics. When a local restaurant chooses its menu prices, that's microeconomics too.

Macroeconomics examines the bigger picture of entire countries and global markets. When the government decides how much money to print, that's macroeconomics. When countries negotiate trade deals with each other, that's macroeconomics. Both areas affect your daily life, but in different ways.

Economics in Your Daily Decisions

You practice economic thinking constantly through modern choices. When you compare subscription prices across Spotify, Apple Music, and YouTube Premium, you're doing cost-benefit analysis. When you decide whether to create content on social media for potential income versus focusing on traditional part-time work, you're weighing different economic opportunities.

The "attention economy" of social media platforms like Instagram and TikTok shows economics in action—these companies compete for your most limited resource: time. Every notification is designed to capture what economists call your "marginal attention," the next minute you might spend on their platform instead of somewhere else.

Teen gig-work apps like DoorDash, Uber Eats, tutoring platforms, or content creation opportunities represent new economic models. You can compare the marginal cost (gas, time, wear on your car) versus marginal benefit (earnings per hour) to decide if these opportunities make financial sense.

These decisions connect to economic models you'll study later, like the Production Possibilities Curve (PPC), which shows how societies choose between different uses of limited resources—just like you choose between different uses of your limited time and money.

Teens make 10+ major economic decisions before age 25.

What is Economics? Understanding the Choices That Shape Your Life

Building Your Economic Future

Learning economics prepares you for success in a rapidly changing job market. With artificial intelligence transforming many careers, you'll need to understand how to compete with technology, complement it, or create entirely new economic opportunities. Whether you become a teacher, start a business, or work in emerging fields, economic principles will guide your professional choices.

Economics builds critical thinking skills that remain valuable even as technology changes the workplace. You learn to analyze trade-offs, predict consequences, and make logical decisions with incomplete information—abilities that serve you well whether you're negotiating a salary, starting a side business, or adapting to new economic realities.

Real-World Applications

Economics helps you understand current events that affect your life right now. When news reports discuss inflation, unemployment rates, interest rates, or minimum wage debates, you're hearing about economic forces that influence everything from your job prospects to housing costs your family faces.

College decisions involve economic analysis—you weigh tuition costs against potential career earnings in an economy where student debt has reached record levels. Job choices require understanding how economic factors like cost-of-living increases affect your real purchasing power, not just your paycheck number.

Your generation faces unique economic realities: rising housing costs, changing job markets due to AI, and new forms of income through digital platforms. The economic principles you learn now provide tools for navigating these challenges successfully.

Your smartphone contains materials from over 60 countries.

Making Economics Work for You

Economics isn't just about money—it's about making smart choices with all your limited resources. Time management is economics. Choosing friends who support your goals involves economic thinking. Deciding how much effort to put into different classes reflects economic principles about investing your energy where it provides the highest return.

As you continue learning about economics, you'll discover powerful tools for understanding the world around you. You'll make better personal decisions, understand news and current events more clearly, and prepare yourself for success in whatever career path you choose.

From now on, pay attention to the trade-offs you make this week. Your future is being built one choice at a time—and economics helps you make them smarter.

People understanding economics earn more over their lifetime.

1: What Is Economics? - Guided Notes

Three Most Important Concepts

Read the article and identify the three most important topics. Write a brief explanation for each.

Concept 1: ____

Concept 2: ____

Concept 3: ____

Main Concept Overview

Word Bank: scarcity, trade-off, countries, choices, opportunity cost

Economics is the study of how people make __________ when resources are __________. Every decision involves giving up something to get something else, which creates a __________. The value of the best option you give up is called __________. Economics helps you understand both individual choices (microeconomics) and big-picture decisions that affect entire __________.

Matching Section

Match each term to its correct description:

_____ 1. Economics	A. The study of individual and business choices
_____ 2. Opportunity Cost	B. When you gain one thing but give up another
_____ 3. Microeconomics	C. The study of choices made with limited resources
_____ 4. Trade-off	D. The study of entire countries and global markets
_____ 5. Macroeconomics	E. The best option you gave up when making a choice

True/False Questions

1. _____ Economics only deals with money and financial decisions.
2. _____ Scarcity means that all resources like time, money, and energy are limited.
3. _____ Opportunity cost is always measured in dollars.
4. _____ Social media platforms compete for your attention as an economic resource.
5. _____ Microeconomics focuses on decisions made by entire countries.

Fill in the Table

Complete this table by thinking about economic choices you make.

List a choice you might make and what you would give up (opportunity cost).

Your Choice	Opportunity Cost
Working extra hours at your job	
Buying the newest smartphone	
Taking AP classes	
Spending 2 hours on social media	
Saving money for college	

Application Questions

1. **Personal Application:** Think about a recent purchase you made. What was the opportunity cost of that decision? How could understanding economics help you make better spending choices in the future?

2. **Future Planning:** How might economic principles help you decide between different colleges or career paths? Consider factors like costs, benefits, and opportunity costs in your answer.

1: What Is Economics? - Hypotheticals

Scenario 1: The Weekend Job Choice

Your friend offers you a weekend job helping with their family's food truck that pays $12/hour for 8 hours each Saturday. However, Saturdays are when you usually sleep in, hang out with friends, and catch up on homework.

Questions:
A. If you take this job, what are the main things you would have to give up?
B. What would you gain by taking this weekend job?
C. How would you decide if this job is worth it or not?

Scenario 2: The Time Choice

You have 2 hours of free time after school. You could spend it scrolling social media, doing extra credit work for a class where you have a C+, or learning guitar like you've always wanted.

Questions:
A. If you choose social media, what are you not doing instead?
B. Which choice might help you the most in the future? Why?
C. How is this an example of having to make choices with limited resources?

1: What Is Economics? - Data Analysis

Real-World Data Snapshot
What is Economics?

Teen Employment and Opportunity Cost Data (2024)			
Age Group	Average Hourly Wage	Weekly Hours Worked	Monthly Earnings
16–17 years	**$12.50**	**15 hours**	**$812**
18–19 years	**$14.75**	**22 hours**	**$1,419**

Analysis Questions

1. **Basic Math:** How much more money do 18-19 year olds make per month compared to 16-17 year olds? Why do you think older teens earn more?

____

____

2. **Opportunity Cost:** If you work 15 hours a week like most 16-17 year olds, what are you giving up? Think about school, friends, sleep, or activities.

____

____

3. **Personal Decision:** Based on this data, would working part-time be worth it for you right now? What would you gain and what would you lose?

____

____

Real-World Connection Question

Look at your own situation: Are you currently working, thinking about getting a job, or focusing only on school? Using what you learned about opportunity cost from this lesson, explain whether your choice makes sense for your goals. What trade-offs are you making with your time?

____

____

1: What Is Economics? - Reflection Questions

1

Think about how you spend your money and free time.

How might knowing about opportunity cost help you make better choices? Think of a recent decision where you didn't consider what you were giving up. Would you choose differently now?

2

How can understanding economics help you decide on a college major or career?

When you think about different jobs, what should you consider besides just the salary? How might opportunity cost play a role in choosing between college and working right after high school?

3

Now that you know social media companies are competing for your time, does this change how you feel about using these apps?

What are you giving up when you spend hours on social media? How can you make smarter choices about your screen time?

1: What Is Economics? - Vocabulary

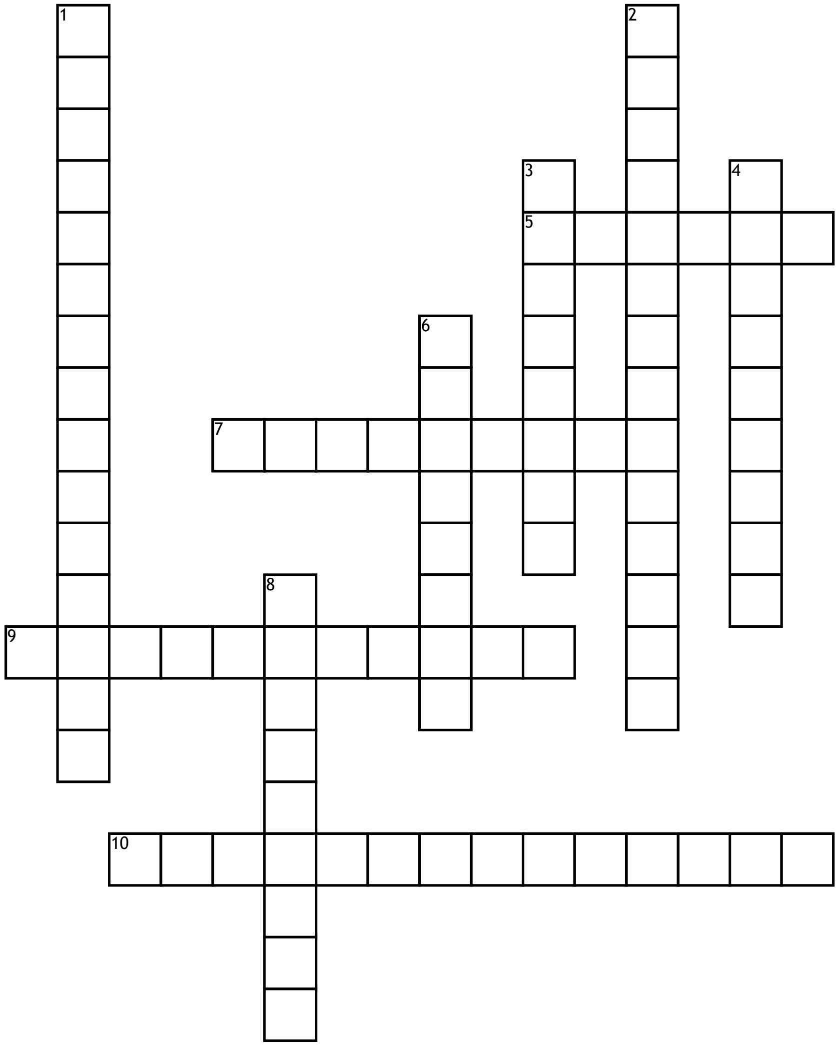
TERM	DEFINITION
Choice	
Cost-benefit Analysis	
Economics	
Inflation	
Macroeconomics	
Microeconomics	
Opportunity Cost	
Resources	
Scarcity	
Trade-off	

What Is Economics?

Q	F	J	X	B	L	A	Y	M	G	Y	Q	Y	Q	S	S	Y	E	C	T	N	U	Y	N
F	U	M	R	F	Z	Q	L	W	I	K	O	T	Z	T	X	C	U	F	W	D	K	M	S
Q	D	Q	E	R	E	W	U	I	K	C	I	X	V	H	Z	Z	M	I	Q	A	O	N	R
C	G	U	T	K	X	V	N	Z	Z	D	R	C	W	X	H	I	A	D	W	K	X	C	E
O	P	P	O	R	T	U	N	I	T	Y	C	O	S	T	I	R	C	D	R	D	O	S	R
S	N	U	M	H	B	Q	E	V	D	H	C	S	E	T	A	T	R	C	H	C	V	M	R
W	H	H	G	K	H	F	Z	V	J	D	V	T	M	C	B	P	O	E	C	E	B	A	E
E	D	N	G	M	P	L	G	C	B	X	I	B	Z	R	O	D	E	C	N	Q	X	R	S
Z	Z	V	Y	S	N	T	T	P	A	C	A	E	W	Q	R	N	C	Z	H	I	C	F	O
B	I	X	M	X	F	Y	Y	G	W	V	V	N	C	T	X	H	O	L	I	O	C	V	U
K	N	I	F	C	H	W	P	W	O	D	L	E	V	Z	O	W	N	M	X	W	I	D	R
Z	F	H	F	Y	C	P	S	I	O	U	A	F	L	T	P	Z	O	V	I	V	K	C	C
I	L	E	T	L	Z	R	C	P	J	M	C	I	L	R	Z	W	M	H	Q	C	T	M	E
D	A	F	K	R	G	G	K	Y	J	N	F	T	B	V	C	D	I	E	F	G	S	W	S
V	T	G	R	N	A	I	F	J	C	F	Y	A	S	D	U	P	C	S	A	Y	Q	M	X
G	I	K	N	J	C	D	V	E	E	R	L	N	W	L	H	K	S	F	R	J	V	S	V
M	O	N	C	Y	D	P	E	M	D	O	B	A	V	E	C	O	N	O	M	I	C	S	B
R	N	V	F	X	Z	U	Q	O	Y	X	R	L	O	A	I	P	Z	B	M	S	D	S	E
Y	D	P	F	B	J	H	R	P	F	V	Y	Y	L	D	L	J	K	Z	I	I	G	I	A
O	M	H	O	S	D	K	S	X	N	F	J	S	V	D	W	I	C	A	L	X	O	I	C
D	W	Y	L	N	W	D	V	P	G	H	U	I	H	C	O	N	Z	V	R	D	M	P	I
L	Y	Y	A	E	Y	M	K	F	H	Y	O	S	E	A	L	N	L	E	T	Z	K	Y	Z
U	Q	F	W	M	L	W	J	D	K	H	V	S	I	Q	I	E	J	F	W	Y	D	W	L
H	Z	H	J	X	S	C	A	R	C	I	T	Y	P	K	C	L	Z	I	N	K	W	L	M

Cost-benefit Analysis	Trade-off	Scarcity
Resources	Opportunity Cost	Microeconomics
Macroeconomics	Inflation	Economics
Choice		

What Is Economics?



Across

5. A decision between two or more options when resources are limited.

7. When the general prices of goods and services rise, making things more expensive over time.

9. Comparing what you gain versus what you give up when making a decision. ___-___ Analysis

10. The branch of economics that focuses on individual people, families, and business decisions.

Down

1. The value of the best option you give up when making a choice. (Two words)

2. The branch of economics that studies entire economies, countries, and global markets

3. The basic economic problem that resources are limited while people's wants are unlimited.

4. The study of how people, businesses, and countries make decisions about using limited resources.

6. Any situation where gaining one thing requires giving up something else.

8. Things you need to achieve your goals, like time, money, materials, and energy, which are always limited.