EE211. Microeconomics.

Economics – Principles of decision making under limitation of resources.

what & how much to buy.

what & how much to produce / sell

Scarcity – a resource is scarce only in relation to the want & need to use.

Scarcity ⇒ Choices ⇒ Opportunity Cost.

Opportunity Cost of a choice is the value of the next best thing that you have to forego.

Ex.

Choice	$	Opp Cost.
A	100	70
B	70	100
C	40.	100.
	max.	min.

Accounting Cost.

max profit ⇔ min opp cost.

Economic Resources:

1) Land – all natural resources. (Rent)
(land, water, crude oil, minerals, etc)

2) Labor – skilled and unskilled (salaries & wages) workers.

3) Capital – output from previous (interest) production to be used in the current production.

Enrollment Key 2356.