

Econ 101 Principles of Economics

Orientation to Course

Rules and Policies

Calendar for Lectures and Recitations

The course goal is for you to learn to use economics to interpret the world.

The Most Basic Economic Principle

Because resources are scarce, individuals must choose among competing uses for those resources.

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Clickers

In this course we use clickers to involve students actively in course content.

Our first use of clickers is a survey where students are asked whether several statements are true or false.

We will undertake a variety of activities with the clickers.

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Prepare to use Your Clickers.

Turn your clicker on.

If your clicker is registered, you "join" the class when you turn the clicker on.

As you join the class, your LCD screen will indicate your class number...

And the display panel will change your number from white to blue.

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Use Your Clickers To Participate in a Survey

Click "A" if you believe the statement is **TRUE**.

Click "B" if you believe the statement is **FALSE**.

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True (A) or False (B)?

The best things in life are free.

Your largest cost of college is the amount paid to UNC for tuition and fees.

Anything worth doing is worth doing well.

Life should be sustained at any cost.

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Scarcity Implies Every Choice Entails an Opportunity Cost

Scarcity is an insufficient supply of something where "insufficient" means "not enough to satisfy the desires of a group of people".

Scarcity implies that decision makers face *Trade Offs*, that is they must give up something to get something else.

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Scarcity Implies That Every Choice Entails an Opportunity Cost

The *Opportunity Cost* of a decision is the decision maker's next best alternative .

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Scarcity Implies Every Choice Entails an Opportunity Cost

Scarcity is a fundamental fact of life. Everyone experiences scarcity.

Scarcity makes it necessary for people to make choices among scarce goods and services.

Because we must choose, we constantly bear the *opportunity cost* of our choices. To make good decisions, we must carefully consider the opportunity costs we face.

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Opportunity Cost Exercise

Rank the following snacks according to your taste:

Ritz Peanut Butter Crackers

Chips Ahoy Cookies

Oreo Cookies

Nutter Butter Cookies

Suppose I let you choose one snack.

What (opportunity) cost does your choice involve?

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Exercise Using Opportunity Cost

How is "trade off " different from
"opportunity cost"?

Give an example of how you could use
opportunity cost to improve a
personal decision.

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Exercise Using Opportunity Cost to Inform a Personal Decision

Imagine you are invited to a party this
Thursday...

What is your opportunity cost of attending
the party?

The opportunity cost of the party will be
different for different students.

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From *News and Observer* Feb 6, 2006

Cost of Raleigh convention center leaps

Raleigh and Wake leaders plan to sign off today on a new price tag of \$215 million

JOSH SHAFFER AND RYAN TEAGUE
BECKWITH, Staff Writers

The price of Raleigh's new convention center has jumped to \$215 million, a \$23 million increase that Wake County leaders will likely approve today.

...

Mayor Charles Meeker said that the hotel and meal tax fund can absorb the extra cost. He said that more money will come from millions already borrowed that are generating interest while construction continues.

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Exercise Using Opportunity Cost

Raleigh has built a new convention center and paid for it by raising the hotel tax. One Raleigh politician argued that the project was free for Raleigh citizens since out-of-town visitors paid for it.

How would you use "opportunity cost" to reply to the politician?

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Use Your Clicker To Answer The
Following Question.

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Which of the following best explains why the Convention Center has not been free to Raleigh citizens?

- A. The tax increase likely caused a reduction in visits to Raleigh.
- B. Cost overruns are common with public projects.
- C. The marginal benefit of the project exceeded the marginal cost.
- D. The tax funds could have been used for other projects.

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The Economics
of
Life and Death

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At Lenoir,
you overhear an acquaintance say...

"I think it shows a lack of moral character to introduce economics into consideration of the value of life. Human life cannot be priced. Who is to say what the value of a life is? We have an obligation to preserve life and must do whatever it takes to give the poorest child access to state of the art medical care."

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Use the concepts
you have learned today
to join
the conversation.

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Sep. 24, 2006

Child | Home

A 2-Year Old Girl Needs a Complex Surgery

Katya Tysanok is two years and a half. She has no fingers, or almost no. Her fingers are webbed and misshapened from birth. Katya's parents have no money. They come from Transnistria. There is not a cent to pay for the surgery to give the girl fingers.

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Society cannot escape the
opportunity cost of any decision.

The New York Times
nytimes.com

June 2, 2008

A \$10 Mosquito Net Is Making Charity Cool

By DONALD G. McNEIL Jr.

Donating \$10 to buy a mosquito net to save an African child from malaria has become a hip way to show you care, especially for teenagers. The movement is like a modern version of the March of Dimes, created in 1938 to defeat polio, or like collecting pennies for Unicef on Halloween.

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Malaria

Malaria kills 3,000 children each day and more than one million each year, the majority in sub-Saharan Africa. Yet, this disease is preventable and treatable with existing tools.

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Assignment for First Recitation

Find a news article that deals with scarce resources.

Use "opportunity cost" and the "benefit-cost" principle to interpret the article.

Enter a copy of the article and your analysis in your course journal.

Bring your journal with completed assignment to your first recitation.

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Post Class Survey True (A) or False (B)?

The best things in life are free.

The biggest college cost is "tuition and fees".

Anything worth doing is worth doing well.

Life should be sustained at any cost.

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