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**CHAPTER LEARNING OBJECTIVES**

- 1. STUDENTS WILL BE ABLE TO DEFINE ECONOMICS**
- 2. STUDENTS WILL BE ABLE TO DISTINGUISH BETWEEN CONSUMER NEEDS AND WANTS FROM AN ECONOMIC PERSPECTIVE**
- 3. STUDENTS WILL BE ABLE TO DEFINE AND DISTINGUISH BETWEEN GOODS AND SERVICES**
- 4. STUDENTS WILL BE ABLE TO DISTINGUISH BETWEEN THE CHANNELS BY WHICH ECONOMIC NEEDS ARE FULLFILLED**
- 5. STUDENTS WILL BE ABLE TO DEFINE AND DISTINGUISH BETWEEN SCARCITY AND SHORTAGE FROM AN ECONOMIC PERSPECTIVE**
- 6. STUDENTS WILL BE ABLE TO IDENTIFY AND EXPLAIN THE FACTORS OF PRODUCTION**
- 7. STUDENTS WILL BE ABLE TO DEFINE AND DISTINGUSH BETWEEN THE TYPES OF CAPITAL**
- 8. STUDENTS WILL BE ABLE TO EXPLAIN THE BENEFITS OF PHYSICAL CAPITAL**
- 9. STUDENTS WILL BE ABLE TO DEFINE AND EXPLAIN THE BENEFITS OF THE RULE OF 70**
- 10. STUDENTS WILL BE ABLE TO DEFINE WEALTH**
- 11. STUDENTS WILL BE ABLE TO EXPLAIN THE DIFFERENCE BETWEEN MICRO AND MACRO ECONOMICS**

**WHAT IS A “ SCIENCE ” ? THERE ARE TWO ASPECTS TO THE DEFINITION :**

- 1.**
- 2.**



**WHAT TYPES OF SCIENCES ARE THERE ? GENERALLY THERE ARE 3 CATEGORIES :**

1.

2.

3.

**WHAT IS A “ PHYSICAL SCIENCE ” ?**

**WHAT IS A “ NATURAL SCIENCE ” ?**

**WHAT IS A “ SOCIAL SCIENCE ” ?**



**HOW DO THE SCIENCES WORK ?**

**THE KEY IS UNDERSTANDING THE “ SCIENTIFIC APPROACH ” -**

**CHARACTERISTICS OF THE PHYSICAL AND NATURAL SCIENCES :**

1.

2.



**CHARACTERISTICS OF THE SOCIAL SCIENCES :**

1.

2.



**WHAT IS “ ECONOMICS ” ?**



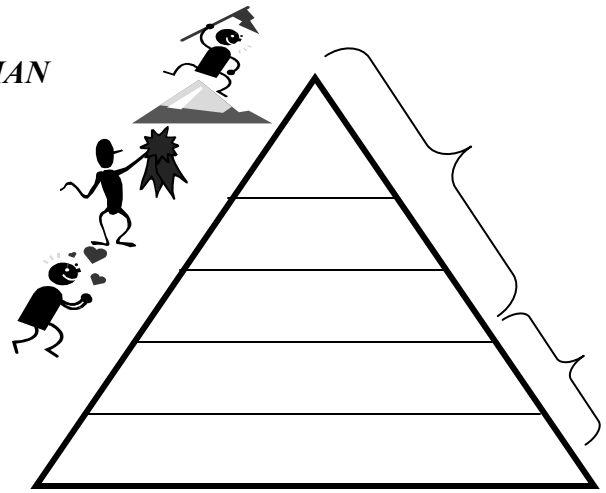
**WHAT MOTIVATES HUMAN BEHAVIOR ?**



**THE FIRST THING THAT MOTIVATES HUMAN BEHAVIOR :**

**“INNATE NEEDS” :**

- 1.
- 2.



**THE SECOND THING THAT MOTIVATES HUMAN BEHAVIOR :**

**“MASLOW’S HIERARCHY OF NEEDS”**

**“ACQUIRED NEEDS” :**

- 1.
- 2.
- 3.

**BUT WHAT DRIVES OUR DESIRES TO SATISFY OUR ACQUIRED NEEDS ?**

**WHEN FLAWS DRIVE THE PURSUIT OF OUR ACQUIRED NEEDS :**

- 1.
- 2.
- 3.



**AYN RAND**

**WHEN STRENGTH DRIVES THE PURSUIT OF OUR ACQUIRED NEEDS :**

- 1.
- 2.
- 3.

**THE 2 TOOLS USED BY BOTH THE STRONG AND THE FLAWED IN THE PURSUIT OF THEIR ACQUIRED NEEDS :**

- 1.
- 2.

**SO, WHAT DO THE IDEAS OF MASLOW AND RAND HAVE TO DO WITH ECONOMICS ?**

**WHAT ARE THE 3 REASONS YOU NEED TO UNDERSTAND DECISION MAKING ?**

- 1.
- 2.
- 3.



**WHAT ARE “NEEDS” ?**

**ALSO WHAT ARE THE THREE MOST FUNDAMENTAL NEEDS ?**

- 1.
- 2.
- 3.

**BUT WHAT TYPE OF ADDITIONAL TRUE NEEDS ARE REQUIRED IN A MODERN SOCIETY ?**



**WHAT DOES “RATIONAL” MEAN ?**

**WHAT ARE “WANTS” ? WHAT ARE SOME EXAMPLES ?**



**THE “RULE OF 70” > THE MAGIC OF COMPOUNDING > HOW TO BECOME A MILLIONAIRE :**



**ECONOMICALLY SPEAKING, WHAT ARE NEEDS AND WANTS ?**

**“GOODS” -**

**“SERVICES” -**



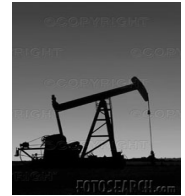
**WHAT ARE THE 3 WAYS PEOPLE GO ABOUT FULFILLING THEIR NEEDS AND WANTS ?**

- 1.
- 2.
- 3.



**IT IS HARD TO MAKE DECISIONS REGARDING WHAT TO CHOOSE - EVEN FOR THE NEEDS :**

1. CAN WE HAVE EVERYTHING WE NEED AND WANT ?
2. BECAUSE ALL RESOURCES ARE “ SCARCE ” -



**WHAT IS A “ SHORTAGE ” ?**



**WHAT ARE EXAMPLES THAT ILLUSTRATE THE CONCEPTS OF SCARCITY AND SHORTAGE ?**

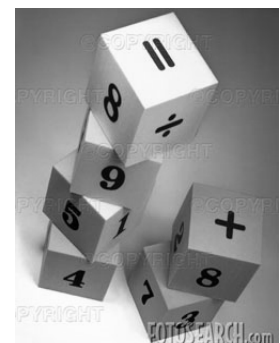
**SCARCITY & SHORTAGE -**



**SHORTAGE -**

**THE 3 BUILDING BLOCKS OF GOODS AND SERVICES ARE CALLED THE “ FACTORS OF PRODUCTION ” > THEY ARE :**

- 1.
- 2.
- 3.



**WHAT ARE THE 2 TYPES OF “ CAPITAL ” AND WHAT ARE EXAMPLES OF EACH ?**

- 1.



2.

WHAT ARE THE 3 BENEFITS OF PHYSICAL CAPITAL ?

1.

2.

3.

WHAT IS "WEALTH" ?

HOW DO YOU CREATE MORE WEALTH ?

HOW DO WE GO ABOUT STUDYING ECONOMICS ?

1. "MICROECONOMICS" - THE STUDY OF :

1.

2.

3.

2. "MACROECONOMICS" - THE STUDY OF :

1.

2.

3.

