

## Chapter 1 Section 2

ECONOMICS -

### Key Terms

Incentives:

*What are some incentives you have for working, going to school, going to college?*

Economize:

Utility:

### TANSTAAFL

Every choice costs something

**Make a list of 5 things you could do this Friday night. The list should not include choices you could do consecutively. They should be options in which you have to make a choice.**

**Put a number 1 by your first choice.**

**Put a star by your second choice.**

**The starred choice is your opportunity cost.**

Opportunity Cost:

Marginal cost:

Marginal benefit:

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Trade-off:

The “price you pay” for each decision you make is called the OPPORTUNITY COST.

Choices aren’t “All or Nothing”

Study vs. hang out

Can you do both?

<b>Choice</b>	<b>Benefit</b>	<b>Opportunity Cost</b>
One hour study		
2 hours study		
3 hours study		
4 hours study		
5 hours study		
6 hours study		