



Chapter 1

Economics 101

chapters
summary



Instructor:

Prepared by:

Chapter 1 summary

Part 1 :Key Terms 1:

Economics	The study of choices when there is scarcity. دراسة الخيارات التي نتخذها عندما تكون الموارد نادرة.
Scarcity	The resources we use to produce goods and services are limited. الندرة تعني أن الموارد التي نستخدمها لإنتاج السلع والخدمات محدودة.
Factors of Production	The resources used to produce goods and services; also known as production inputs or resources. الموارد المستخدمة لإنتاج السلع والخدمات، وتعرف أيضًا بمدخلات الإنتاج.
Natural Resources	Resources provided by nature . الموارد التي توفرها الطبيعة.
Labor	Human effort, including both physical and mental. الجهد البشري، بما في ذلك الجهد البدني والعقلي.
Physical Capital	The stock of equipment, machines, structures, and infrastructure مخزون المعدات والآلات والهياكل والبنية التحتية.
Human Capital	The knowledge and skills acquired by a worker through education and experience المعرفة والمهارات التي يكتسبها العامل من خلال التعليم والخبرة.
Entrepreneurship	The effort used to coordinate the factors of production—natural resources, labor, physical capital, and human capital. الجهد المبذول لتنسيق عوامل الإنتاج—الموارد الطبيعية، والعمل، ورأس المال المادي، ورأس المال البشري.
Economic Models	A simplified representation of an economic environment, often employing a graph. Used to explore the choices people make and the consequences of those choices. تمثيل مبسط للبيئة الاقتصادية، غالبًا باستخدام الرسوم البيانية. تستخدم لاستكشاف الخيارات التي يتخذها الناس ونتائج تلك الخيارات.

Part 2 :Three Key Economic Questions

What products do we produce?

How do we produce the products?

Who consumes the products?

الأسئلة الاقتصادية الثلاثة الرئيسية: ماذا، كيف، ومن؟

1. ماذا ننتج؟
2. كيف ننتج هذه السلع والخدمات؟
3. من يستهلك هذه السلع والخدمات؟

Part 3 :The Economic Way of Thinking:

“The theory of economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its possessor draw correct conclusions.”

John Maynard Keynes.

"نظرية الاقتصاد لا تعطي مجموعة من الحلول الجاهزة التي يمكن تطبيقها مباشرة على السياسات. إنها طريقة تفكير وليست عقيدة، أداة عقلية، وتقنية تساعد الشخص على الوصول إلى استنتاجات صحيحة."

— جون مينارد كينز

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Part 4 :Using Graphs:

A. Graphs of Single Variables

B. Time Series Graph

- A time series graph shows how the value of a variable changes over time.

هناك نوعان من الرسوم البيانية:

أ. رسوم بيانية لمتغير واحد.

ب. الرسم البياني للسلاسل الزمنية وفيها يُظهر كيف تتغير قيمة متغير معين على مدار الزمن. على سبيل المثال، يُظهر الرسم البياني للسلاسل الزمنية كيف تتغير أسعار الأسهم كل شهر على مدار سنة.

Part 5 :Microeconomics and Macroeconomics:

Microeconomics

Macroeconomics

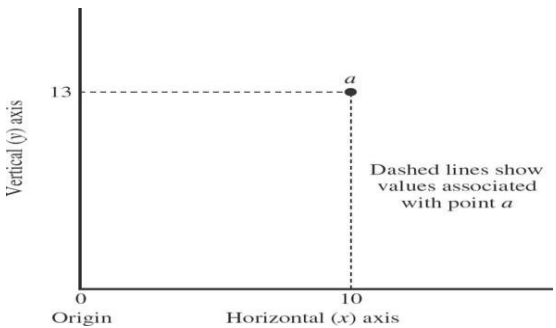
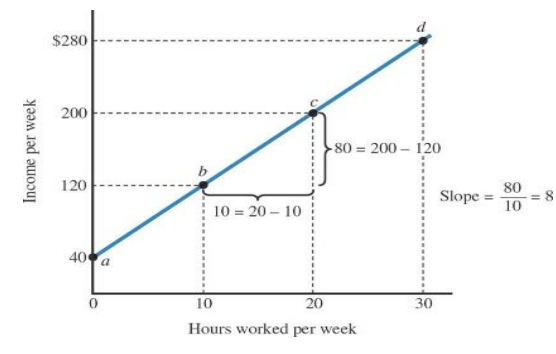
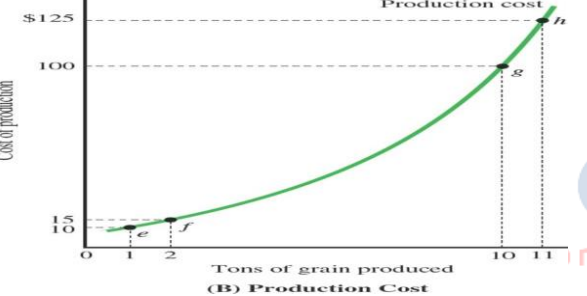
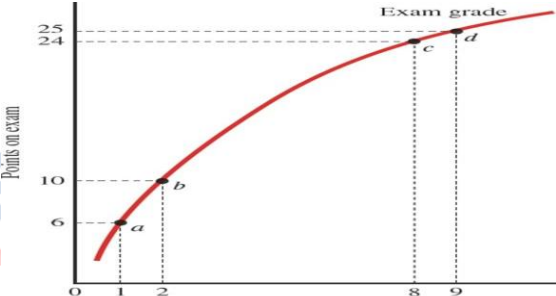
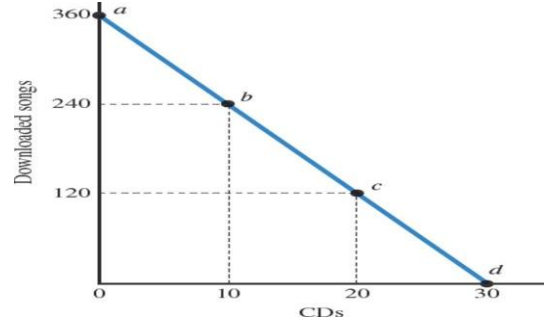
The study of the choices made by households, firms, and governments, and how these choices affect the markets for goods and services. الإقتصاد الجزئي هو دراسة الخيارات التي تتخذها الأسر والشركات والحكومات، وكيف تؤثر هذه الخيارات على أسواق السلع والخدمات.	The study of the nation's economy as a whole; focuses on the issues of inflation, unemployment, and economic growth الإقتصاد الكلي هو دراسة اقتصاد الدولة ككل؛ يركز على قضايا مثل التضخم، البطالة، والنمو الاقتصادي.
1) Used to Understand Why Economies Grow, Economic Fluctuations 2) Making Informed Business Decisions By understanding interest rates and inflation, 1. فهم لماذا تنمو الاقتصادات والتقلبات الاقتصادية. 2. اتخاذ قرارات تجارية مستنيرة من خلال فهم أسعار الفائدة والتضخم.	1) understanding how markets work and to predict how various events affect the prices and quantities 2) Making Personal and Managerial Decisions 3) Analysing how well the government performs its roles in the market economy. 1. فهم كيفية عمل الأسواق والتنبؤ بكيفية تأثير الأحداث المختلفة على الأسعار والكميات. 2. اتخاذ قرارات شخصية وإدارية. 3. تحليل مدى كفاءة أداء الحكومة لدورها في الاقتصاد السوقي.

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Part 6 :Positive versus Normative Analysis :

Positive Analysis:	Normative Analysis:
Answers the question "What is?" or "What will be?" يجيب على سؤال "ما هو؟" أو "ما الذي سيحدث؟"	Answers the question "What ought to be?" يجيب على سؤال "ما الذي يجب أن يكون؟"
If the government increases the minimum wage, how many workers will lose their jobs? مثال: إذا زادت الحكومة الحد الأدنى للأجور، كم عدد العمال الذين سيفقدون وظائفهم؟	Should the government increase the minimum wage? مثال: هل يجب على الحكومة زيادة الحد الأدنى للأجور؟
Note : Most modern economics is based on positive analysis ملاحظة: معظم الاقتصاديات الحديثة تعتمد على التحليل الإيجابي.	

Part 7 :Figures:

The origin	defined as the intersection of the two axes, where the values of both variables are zero. نقطة تقاطع المحورين حيث تكون قيم المتغيرين صفر.	 Dashed lines show values associated with point <i>a</i>
Positive relationship	A relationship in which two variables move in the same direction. هي العلاقة التي يتحرك فيها متغيران في نفس الاتجاه.	 Slope = $\frac{80}{10} = 8$
Positive and non linear relationship	Production cost  (B) Production Cost	Exam grade  (A) Study Time
Negative relationship	A relationship in which two variables move in opposite directions. هي العلاقة التي يتحرك فيها متغيران في اتجاهين متعاكسين.	

Part 8 :key terms 2:

Variables	A measure of something that can take on different values. هي قياس لشيء يمكن أن يأخذ قيمًا مختلفة.
Ceteris Paribus	The Latin expression meaning that other variables are held fixed. تعبير لاتيني يعني أن المتغيرات الأخرى تبقى ثابتة.
Marginal Change	A small, one-unit change in value هو تغيير صغير بمقدار وحدة واحدة في القيمة.
Percentage change	$= \frac{\text{New value} - \text{Old value}}{\text{Old value}} * 100\%$ $= \frac{\text{القيمة الجديدة} - \text{القيمة القديمة}}{\text{القيمة القديمة}} * 100\%$
Slope of a curve	Vertical different divided by horizontal different between two points. هو ناتج قسمة التغير في المتغير الرأسي على التغير في المتغير الأفقي بين نقطتين.

Multiple choice questions

Part 1: Key Terms 1

1. Economics is best defined as the study of:
 - a. financial decision-making.
 - b. how consumers make purchasing decisions.
 - c. the choices made by people faced with scarcity.
 - d. inflation, unemployment, and economic growth.
2. By definition, Economics is the study of
 - a. How to make money in the market"?
 - b. Supply and demand.
 - c. The choices people make to achieve their goals, given their scarce resources
 - d. How to make money in market economy?
3. An economic model is a:
 - a. detailed version of an economic issue.
 - b. realistic version of an economic environment.
 - c. fictional representation of an entire economy.
 - d. simplified representation of an economic environment.
4. The effort used to coordinate the factors of production is a description of.
 - a. physical capital.
 - b. labor.
 - c. entrepreneurship.
 - d. human capital.
5. All of the following are considered natural resources EXCEPT:
 - a. a redwood forest.
 - b. labor.
 - c. gold.
 - d. a coral reef.
6. The physical and mental effort people use to produce goods and services is a description of which factor of production?

- a. labor
- b. human capital
- c. physical capital
- d. entrepreneurship

7. The knowledge and skills acquired by a worker through education and experience is a description

- a. entrepreneurship
- b. human capital.
- c. physical capital.
- d. labor

8. Human Capital includes:

- a. Equipment and machines
- b. Rivers and forests
- c. Knowledge and skills acquired through education and experience
- d. Monetary resources

9. Entrepreneurship in economics refers to:

- a. Natural resources used in production
- b. The human effort in manual labor
- c. The effort used to coordinate the factors of production
- d. The stock of physical capital

Part 2: Three Key Economic Questions

10. Which of the following is NOT one of the three key economic questions?

- A) How do we produce the products?
- B) Who consumes the products?
- C) How much should the government invest in healthcare?
- D) What products do we produce?

11. What is the primary economic question concerning the types of goods and services produced?

- A) How should the government regulate markets?

- B) What products do we produce?
- C) Who consumes the products?
- D) How much profit should be made?

Part 3: The Economic Way of Thinking:

12. Who is associated with the following summary of the economic way of thinking. The theory of economics does not furnish a body of settled conclusions immediately acceptable to policy. it is a method rather than a doctrine, an apparatus of the mind, a technique of thinking which helps its processor draw cored conclusions.

- a. President Harry Truman
- b. John Maynard Keynes.
- c. Adam Smith
- d. Alfred Marshall

13. What did John Maynard Keynes mean by describing economics as "a method rather than a doctrine"?

- A) Economics provides definitive answers for policy-making.
- B) Economics is a set of rules to follow.
- C) Economics is a way of thinking that helps draw correct conclusions.
- D) Economics is focused on government interventions.

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Part 4 :Using Graphs:

14. Which graph type is used to display changes in a variable over a period of time?

- A) Scatter plot
- B) Bar graph
- C) Time series graph
- D) Pie chart

15. What does a Time Series Graph show?

- A) The relationship between two variables at a single point in time.
- B) How the value of a variable changes over time.
- C) The distribution of variables across different regions.

D) The correlation between two unrelated variables.

Part 5 :Microeconomics and Macroeconomics:

16. Which of the following best describes Microeconomics?

- A) The study of inflation, unemployment, and economic growth.
- B) The study of how markets work and how choices made by households, firms, and governments affect markets.
- C) The study of the nation's economy as a whole.
- D) The study of international trade and global markets.

17. Which of the following is NOT a focus of Macroeconomics?

- A) Understanding why economies grow.
- B) Making personal and managerial decisions.
- C) Analyzing economic fluctuations.
- D) Focusing on national issues like inflation and unemployment.

18. How does Macroeconomics help in making informed business decisions?

- A) By analyzing consumer behavior on an individual level.
- B) By understanding how markets work.
- C) By understanding interest rates and inflation.
- D) By studying how households allocate resources.

Part 6: Positive versus Normative Analysis :

19. Which of the following is an example of Positive Analysis?

- A) Should the government increase taxes on high-income earners?
- B) What ought to be the ideal minimum wage?
- C) If the government increases the minimum wage, how many workers will lose their jobs?
- D) Should the government reduce unemployment benefits?

20. Which of the following questions reflects Normative Analysis?

- A) What is the current unemployment rate?
- B) How does inflation affect consumer spending?

- C) What will be the impact of a tax increase?
- D) Should the government increase the minimum wage?

Part 7: Figures:

21. What is the term for the point where both variables have a value of zero on a graph?

- A) Positive relationship
- B) Origin
- C) Negative relationship
- D) Linear intersection

22. What does a positive relationship between two variables imply?

- A) One variable increases while the other decreases
- B) Both variables remain constant
- C) Both variables move in the same direction
- D) The relationship between the variables is non-existent

23. Which of the following is true about a negative relationship?

- A) Both variables increase together
- B) One variable increases while the other decreases
- C) Both variables decrease together
- D) The variables do not interact

Part 8 :key terms 2:

24. The Latin phrase *ceteris paribus* means that when a relationship between two variables is being studied

- a. we recognize that some factors are unknown
- b. neither of those two variables is allowed to change.
- c. both are treated as unpredictable.
- d. all other variables are held fixed.

25. Slope is calculated as the:

- A) change in the vertical variable divided by the change in the horizontal variable.
- B) change in the horizontal variable divided by the change in the vertical variable.
- C) the vertical axis divided by the horizontal axis.
- D) change in the vertical variable.

26. What does the term "Ceteris Paribus" mean in economic analysis?

- A) The assumption that all variables change simultaneously.
- B) A situation where all variables remain constant.
- C) The relationship between supply and demand.
- D) A Latin expression meaning that other variables are held fixed.

27. What does the Slope of a Curve represent?

- A) The relationship between two unrelated variables.
- B) The vertical difference divided by the horizontal difference between two points.
- C) The rate of change over time.
- D) The point at which two variables are equal.

Essay questions:

Q1-Then, if you work seven extra hours, and the slope of this line is \$8 per hour, then your change in income is:

$$\Delta \text{income} = 7 \text{ hours} \times \$8 \text{ per hour}$$

$$\Delta \text{Income} = \$56$$