

- **List all of the things this school would have if it was perfect in your mind. Think in terms of facilities, services and resources.**

You have \$100 to spend any way you want. Decide how best to spend it and put your answers to each of the questions for each step in the table (1-5). Then complete for HUHS.

Steps of Economic Decision Making	Complete
1) Recognition of want or need: <ul style="list-style-type: none"> • What do I want? • What do I need? • What do I need/want the MOST? 	List Needs: List Wants:
2) Information search: <ul style="list-style-type: none"> • Which of my needs and wants could I actually satisfy given my resources (\$100)? 	
3) Evaluation of the alternatives: <ul style="list-style-type: none"> • Is there anything else I could do with the money besides spending it right away? 	
4) The purchase: <ul style="list-style-type: none"> • Which product are you going to buy? 	
5) The post-purchase evaluation: <ul style="list-style-type: none"> • What did you give up by spending your money on this purchase? • Would you make the same decision again? 	
Steps of Economic Decision Making	Complete for HUHS (\$5,000,000 to spend)
1) Recognition of want or need: <ul style="list-style-type: none"> • What does HUHS want? • What does HUHS need? • What does HUHS need/want the MOST? 	List Needs: List Wants:
2) Information search: <ul style="list-style-type: none"> • Which of my needs and wants could HUHS actually satisfy given its resources (\$5 m)? 	
3) Evaluation of the alternatives: <ul style="list-style-type: none"> • Is there anything else HUHS could do with the money besides spending it right away? 	
4) The purchase: <ul style="list-style-type: none"> • Which product(s) is HUHS going to buy? 	
5) The post-purchase evaluation: <ul style="list-style-type: none"> • What did HUHS give up by spending its money on this purchase? • Should HUHS make the same decision again? 	

NOTES

→ What is Economics?

- _____ is the study of how we make decisions in a world where resources are _____.
- It is sometimes called the science of _____.

→ The Fundamental Economic Problem:

- The fundamental economic problem is _____—we have _____ wants and _____ resources.
- Because of **scarcity**, we must make choices among alternatives.

→ Producers and Consumers

- _____: make goods and services
 - Motivated by _____ (\$\$\$)
- _____: purchase and use goods/services to satisfy their _____ and _____.
 - Make decisions based on what needs and wants they want to satisfy with their limited “_____” resources.
- _____ **make goods and services to be _____ by the public**

→ Goods and Services

- _____: tangible products such as cars, CDs and clothes
- _____: intangible things like telephone service, _____ or medical/legal services.

ANSWER: When you watch TV there is a good and a service involved, what are they?

→ Needs vs. Wants

- _____ are things we need for _____, such as food, clothing, and shelter.
- _____ are things we would _____ to have.
- Both needs and wants must be _____.
 - **ANSWER: What do you need the most?** _____
 - **ANSWER: What do you want the most?** _____

→ Immediate vs. Delayed Gratification

- If you choose to only consider the _____ benefit of your purchase you are making a choice based on _____.
- If you consider a _____ benefit of a purchase you are making a choice based on _____.

ANSWER: If you buy a Hummer because you like it the most right now is this immediate or delayed gratification? _____

--If you buy a Honda accord because you know it will save you money on gas in the long run it is immediate or delayed gratification? _____

→ 5 Step Economic Decision Making Model

- Use the power point to fill in the chart

