

Economics

Is.....

Personal Finance
- Shoumik Perugu

- The Social Science of scarcity and choice
- It is the study of the way we make decisions about the use of scarce resources
- Social Sciences include History, Geography, Sociology, and Anthropology attempt to understand an important aspect of the human condition and of the world in which we live

- By looking at the way economic decision making affects society as a whole, we can see how important economic decisions are to the well-being of an entire nation or group of nations
- Human behaviour and value systems greatly complicate the studies in Social Science

- Refinements in economic theory, changes in social conditions, and evolving political systems all mean that there are considerable differences among economists on any given question
- Economics does NOT try to establish goals for the people who study it; rather, it gives them the tools they will need to achieve their goals more efficiently, that is, by wasting fewer resources



Decisions,
Decisions,
Decisions

- How Badly do I need a new winter coat?
Should it be leather, wool, or polyester?
- Should we rent or buy a family home?
- Who will use the car tonight?
- Should I spend my entire pay cheque on the weekend, or should I save some money for later?
- Will I study for my unit test or go to my friend's party tonight

Other Decisions

- What are some of the other decisions that you can think of that you make each day?

- Whether or not you realize it, economics is continually at work in our lives. If we use time, energy, money, or materials to do one thing instead of another, we are engaged in economic decision making.
- If we face questions about what we need, what we want, and what we can afford to do, we are engaged in economic decision

- We constantly face economic decisions because our needs and wants are virtually unlimited, while our means to satisfy them (our available resources) are quite limited.
- Available resources consist mainly of:
 1. Income
 2. Savings

Because these resources are limited we must economize, or use these resources wisely.

- Wise use meaning to “further our personal or group goals while consuming the least amount of available resources.” Due to a relative scarcity of these resources, we will always live with the economic dilemma of :
- Wants > ability to satisfy them
 - Ex. Want to own a Yacht – Don’t have enough money to buy one