

1.2: Introduction to Economics

What you'll learn to do: explain what economics is and explain why it is important



Most people think of money when they think of economics. While that is certainly one aspect of it, economics is about a lot more than money. Really, it is a study about decision-making and choices, and how scarcity and competition lead people to behave.

Watch It

Watch this video for a brief overview of economics. You'll often encounter videos like this, enclosed inside of "Watch It" boxes, in this course. These are *highly recommended* and serve as wonderful tools to review and enhance your understanding of the concepts presented. Even if you feel like you understand the material in the reading, it is worthwhile to watch the videos.

An interactive or media element has been excluded from this version of the text. You can view it online here: <http://pb.libretexts.org/mlum/?p=50>

In order to understand economics, it's important to master a set of key definitions and understand how they interconnect. These concepts will be used many times throughout the course. At the most basic level:

- **Scarcity** means that there are never enough resources to satisfy all human wants
- **Economics** is the study of the trade-offs and choices that we make, given the fact of scarcity
- **Opportunity cost** is what we give up when we choose one thing over another

In this section, we will spend more time with these definitions, and understand how they're used in the context of this discipline.

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