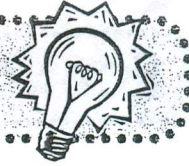


# ECONOMICS LABORATORY 1



## ECONOMICS: NO FREE LUNCHES

The heart of economics can be summed up in just one word: TNSTAAFL. Of course, TNSTAAFL isn't a real word—just try to pronounce it! TNSTAAFL is an acronym. It stands for "There's no such thing as a free lunch."

How does TNSTAAFL explain economics? The answer is that economics is, above all else, about choices. It's the study of what people choose to do with limited resources. For example, if you decide to use your money (a limited resource) to buy a video game, you are making an economic choice.

Actually, you are making two choices. One, you are choosing to use your money on a video game. Two, you are choosing to *not* use that money for something else. Economists call this second choice the opportunity cost, because using a resource for one choice costs you the opportunity to use that resource for another choice. Every economic choice, no matter how beneficial, has an opportunity cost. In a word, TNSTAAFL.

**Instructions:** Explore opportunity costs in your own life by completing the following activity. You will need a pencil or pen and your textbook. A calculator is optional.

### STEP 1. IDENTIFY THE RESOURCE AND OPPORTUNITY COSTS OF AN ECONOMIC CHOICE

- One of the most fundamental economic choices you will ever make is to work. Like every other economic choice, choosing to work has opportunity costs. Think about what they might be. What will you have to give up if you work every day after school or on the weekends? List as many as you can in the chart below.

The Economic Choice You Make	What This Choice Forces You to Give Up
Working after school and on weekends	1. 2. 3.

- Nations may have limited natural resources, but the most limited resources of individuals are money and time. Look at your chart above. Which of these resources are you giving up when you decide to work?

\_\_\_\_\_

