

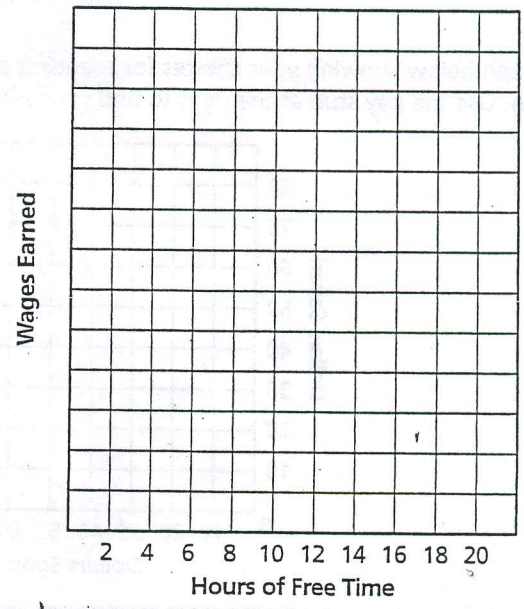
# ECONOMICS LABORATORY (CONTINUED) 1

### STEP 3. QUANTIFY THE GRAPE

Understanding a general relationship between choices and costs is important. But to make a good economic decision, you need hard figures.

7. Conduct research to find out a typical hourly wage paid at places you work, or might work. \_\_\_\_\_
8. Complete the table below. Then graph the columns "Hours of Free Time" and "Wages Earned."

Hours of Free Time	Hours Worked	Wages Earned
20	0	0
18		
16		
14		
12		
10		
8		
6		
4		
2		
0		



### STEP 4. MAKE AN ECONOMIC CHOICE

The steps you have just taken—identifying an economic choice, considering its opportunity costs, quantifying their relationships, and comparing options—are the same basic steps used to make any economic decision.

9. Think about your work. For the purposes of this lab, how many hours do you choose to work each week? Why?

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# ECONOMICS LABORATORY (CONTINUED) 1

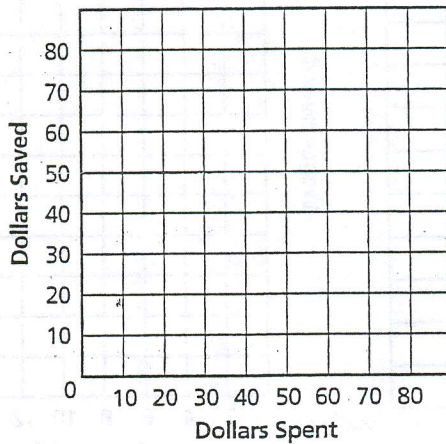


## STEP 5. THINK ABOUT RELATED CHOICES AND OPPORTUNITY COSTS

Because you are working, you have money. What will you do with it? Will you spend most, and have less to save? Or will you save most and have less to spend? This is an economic choice and comes with opportunity costs.

Thistown Manufacturing Company		Paycheck number: 8820015 022
458 Center Street		Paycheck date: 1/23/2000
Thistown, Anystate 00004		
Pay to the order of:	MARYLOU GLENDALE	
This amount:	EIGHTY AND 00/100 DOLLARS	
LAKESHORE BANK		Marylou Glendale
THISTOWN, ANYSTATE		
@@00321678@@ @4422000543@ 0022@		

10. Make a graph below showing your choices for spending and saving your earnings, similar to the Free Time/Work Time graph. Use the pay stub at the right to find your earnings after deductions.



## STEP 6. DRAW CONCLUSIONS ABOUT OPPORTUNITY COSTS

11. What pattern do you see in the graphs you drew in this activity?

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12. Write a paragraph that explains this pattern and how "TNSTAAFL" is a fair summary of economic choices and opportunity costs.

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# ECONOMIC CARTOON I



## CHOICES, CHOICES

*Economics is first, and finally, about choices. What to make? What to buy? How much to spend? The way individuals and businesses choose to answer such questions is the stuff of economics. It is also the stuff of political cartoons, since many economic choices are controversial.*

**Directions:** Study the cartoon below. Then answer the questions that follow.



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### EXAMINING THE CARTOON

#### Multiple Choice

- What economic choice or choices are symbolized by the cartoon?
  - the economic choice to hire cheaper labor
  - the economic choice to reduce business costs
  - the economic choice to enhance a company's image
  - all of the above
- Whom do the men with briefcases symbolize?
  - a particular business
  - a particular industry
  - any business
  - large firms
- Which word best describes the cartoonist's view of the choices that big business tends to make?
  - self-serving
  - altruistic
  - careful
  - rash

#### Critical Thinking

- Analyzing the Cartoon** How do Santa Claus and the businessmen create a strong contrast?

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- Expressing Your Opinion** Do you think the Santa's workshop idea is effectively used in this cartoon? Why or why not?

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# FREE ENTERPRISE ACTIVITY 1

## PRODUCTIVE RESOURCES

*In a market economy, individuals are free to choose the way they will make a living. The following passage shows how one entrepreneur filled a need and made a profit in a market economy.*

### Levi's Jeans

In 1850 a 20-year-old immigrant named Levi Strauss sailed for San Francisco. He planned to sell goods to miners who were digging for gold in California. By the time Strauss arrived in San Francisco, however, he had sold most of his goods to other travelers headed for the gold fields. All he had left was canvas, which he planned to sell for making tents.

When Strauss reached the gold fields, he found that the miners needed tough pants. So instead of selling tents, he hired tailors to make his canvas into trousers. Word spread quickly that Strauss' pants were durable, and soon the new pants were in great demand.

Convinced that his product would remain popular, Strauss went into business with his brothers, Jonas and Louis. They founded Levi Strauss and Company in 1853. The brothers bought a building and converted it into a factory. They purchased scissors, sewing machines, needles, canvas, thread, and snaps. Finally, they hired workers to cut, sew, and deliver the jeans to stores. Today Levi Strauss & Co. has production plants around the world and sells more than a billion dollars in jeans each year.

**Directions:** Use the information above to complete the following exercises.

1. You have learned about the factors of production, or the resources needed to produce goods and services. List the major resources that the Strauss brothers needed to make canvas trousers, or jeans.

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2. All resources fall under these categories: *Land* includes natural resources that are used to make a product; *labor* is made up of the workers; *capital* includes tools, buildings, and equipment; *entrepreneurship* is the ability to combine the other three resources to make or improve a product or service. Place each resource you listed in Exercise 1 under the correct heading in the chart.

Land	Labor	Capital

3. Did the Strauss brothers possess entrepreneurship? Explain.

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