

Ap economics

[Economics](#)



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Component #1: Terms scarcity-The basic economic problem that arises because people have unlimited wants but resources are limited. Americans In recent years had to cut back on lavish goods because of the scarcity of money. Economics- The science that deals with the production, distribution, and consumption of goods and services, or the material welfare of humankind. Economics involves many issues in the economy of the country and world, from politics to money. Efficiency-A broad term that implies an economic state in which every resource is optimally allocated to serve each person in the best way while minimizing waste and Inefficiency.

Economic efficiency can be used In microeconomics when discussing production. Equity- The property of distributing economic prosperity fairly among the members of society. If the rich contribute more In taxes, there would be a bigger distribution of equity. Opportunity Cost- The money or other benefits lost when pursuing a particular course of action Instead of a mutually-exclusive alternative. Our companies 3rd quarter opportunity costs were extensive and will take awhile to recover Incentive-A cost or benefit that motivates a decision or action by consumers, businesses, or other participants In the economy.

The Incentive for a new CEO turned UT to be quite beneficial. Productivity-A measure relating a quantity or quality of output to the inputs required to produce it. If productivity continues to fall, our profits will soon follow.

Inflation-The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. The current low Interest rates for bank loans risks Inflation of the dollar. Business Cycle- A cycle or series of cycles of economic expansion and contraction.

The current business cycle is bad, leading the CEO to make a few cutbacks

Microeconomics-The part of economics about single factors and the effects of individual decisions. Microeconomics can be applied in budgets, businesses, politics, and finances to determine trends of individual consumers. **Macroeconomics**-The part of economics concerned with large-scale or general economic factors, such as interest rates and national productivity. When seen on a macroeconomic point of view, high productivity can boost, rather than reduce, economic growth.

Demand-An economic principle that describes a consumer's desire and willingness to pay a price for a specific good or service. As Apple moves forward in revolutionizing electronics, the demand for their products rises.

Supply-A fundamental economic concept that describes the total amount of a specific good or service that is available to consumers. The high supply of oil was beneficial to the economy due to the sudden decrease of foreign oil imports. **Component #2: Problems** 1) Describe some trade-offs faced by each of the following: a) A family deciding whether to buy a new car.

A family that is deciding to buy a car might have to face, depending on the expense of the car and financial status of the family, major cutbacks on money to afford it. These cutbacks might affect unnecessary things like: dining out, doing expensive activities, vacations, etc. This all deals with scarcity; the family wants a new car, but might not have the financial means to do so. B) A member of Congress deciding how much to spend on national parks. A member of Congress deciding how much to spend on national parks has plenty of trade-offs.

The funding of the park is determined by many things including incentives, demand, and opportunity cost. If congress were to fund national parks more they may have to cut funding to other causes, but if they cut funding to the parks, then the money gained could go into a better cause. C) A company president deciding whether to open a new factory. If a company president were to pen a new factory, the demand for that companies product would have to be high. However, for the president to open up a different facility, he may have to make cut backs on employees in the current facility for budget purposes.

If the president decides not to open a new factory, this might lead to low efficiency and slow down the expansion of productivity. D) A teacher deciding how much to prepare for class. If a teacher were to prepare minimally for class, he/she may run into a very busy schedule somewhere down the road. However, if the teacher were to plan accordingly and periodically, he/she would be able to be properly prepared for the lass. If this were to happen, the teacher would have less pressure for assignments. This all has to deal with efficiency, productivity, and incentive.

The teachers incentive is to not be deleted with class preparations, so he/she would nave to work efficiently to reach the optimum productivity. 2) Discuss each of the following statements from the standpoints of equity and efficiency. A) " Everyone in society should be guaranteed the best healthcare possible. " If everyone were to be guaranteed the best healthcare possible, efficiency would have to be very high to have the capability to divide healthcare among the population. Right now it would be hard to do because we don't have high economic prosperity to spread.

This could very well never happen because equity and efficiency clash when it comes to government policies. The reason they clash is because when the government tries to spread wealth evenly, efficiency shrinks. B) " When workers are laid off, they should be able to collect unemployment benefits until they find a new job. " When workers receive unemployment, they are getting a cut of the economic pie which is equity. During these times when unemployment is high, the size of the economic pie, efficiency, is small because the overspent is distributing a large amount of money to the unemployed.

If the government were to issue unemployment until they find a job it would cause an economic downfall. People are sitting around getting paid, why would they go out and get a job, it is something else that people will just take advantage of, like welfare. So, in essence, it would end up hurting the government more than it would help. 3) In what ways is your standard of living different from that of your parent's or grandparent's when they were your age? Why have these changes occurred? There has been a big change in the standard of living even from my parent's time to let alone when my grandparent's were my age.

We are now living in a technological age where everything is documented, sent, communicated, and even surveyed on electronics. People in the past (when my parent's were my age) were lucky to have their own television let alone a cell phone or car. Nowadays, teens have cars, TVs, laptops, smartphones, etc. At their fingertips to use at their command. Back then not very many people had the resources or means to obtain electronic devices.

Many of the things we have now, my grandparent's didn't. My grandmother didn't even have an electric oven, she had a coal one to cook on.

When my grandfather came here off of the boat, he got a job paying 23 cents an hour. So, it's not only material things that have changed in the standard of living, but wages too. People are paid so much more now than in the past's, but with the raise of wages, brought along inflation. These changes have occurred because of the changes in education and regulations. People now more than ever are going to college to get a degree in whatever it is they want to pursue. With knowledge comes better products that are more efficient and easier to use.

With the change in regulations came changes in minimum wage, laws, and codes that have to be kept up with. Component Applications (See next full page for article) This article posted by The New York Times states that although unemployment is lowering, it is doing it in a rather slow and steady pace. Stock prices have risen and are staying high along with mortgage loans and many others. Since the job market is growing at a slow rate, banks are now going to start raising interest and lengthening loan terms.

As anticipated, the economy is expanding in the right ways. If as many jobs are created in July and August as they were in June, then the economy is on the road to recovery. The Principle of Economics in which this would apply most to would be number 10 (Society Faces a Short-run Trade-off between Inflation and Unemployment). The reason that this article applies specifically to this principle is because in the article it is explained that unemployment is lowering and because of that, interest rates are rising.

This explains the short-run trade-offs. Also, since unemployment is lowering, inflation will occur because they will now have the money to buy goods and services. [Nntp:// . Anytime. Com/201 06/business/economy-adds-1 Jobs-as-unemployment-rate-remains-at-7-6. HTML? Ref= desperate; _r= 0](http://www.anytime.com/2010/06/business/economy-adds-1-jobs-as-unemployment-rate-remains-at-7-6.html?ref=desperate;_r=0) Steady Growth AS U. S. Games 195, 000 New Jobs data on Friday offered hope for this elusive middle ground in the economy, as the Federal Reserve wrestles with when to ease its stimulus efforts without endangering the recovery and the markets.

The pace of Job creation in June was sufficient to please investors and keep the central bank on course to slowly begin pulling back on its major bond-buying program this fall. But the Job gains were muted enough to calm worries of an abrupt exit by the Fed, a fear that has weighed on the markets lately. The employment report, which showed the economy added 195, 000 Jobs, was the first since the Fed chairman, Ben S. Brennan, said in June that policy makers were ready to begin tapering the stimulus later this year if the labor market continued to improve.

The Jobless rate was unchanged, at 7. 6 percent. The timing of the Fed action is critical. The central banks program of buying \$85 billion a month in Treasury securities and mortgage-backed bonds has not only kept long- term interest rates low for borrowers, including big companies as well as individual home buyers, it has also helped prop up Wall Street. The possibility that the Fed might move more quickly than expected to dial back the program has prompted investors to sell both stocks and bonds in the last six weeks and has raised rates on mortgages and other loans.

Buoyed by the promise of moderate economic growth and a slow but steady tapering on the part of the Fed, traders pushed the stock market higher on Friday, with major indexes gaining about 1 percent. The 195, 000 jobs added in June was significantly above the 165, 000 monthly pace analysts had been expecting. And the government sharply revised upward figures for job gains in April and May, increasing the average monthly gain in the first half of 2013 to 202, 000 jobs. But the picture painted by the data hardly reflected a booming economy.

The unemployment rate, which is based on a different survey from the one that tracks job creation, remained stuck at 7. 6 percent, far higher than the historical pattern for this stage of a recovery. Other measures of joblessness actually rose, with the broadest one that includes workers forced to accept part-time positions jumping to 14. 3 percent, from 13. 8 percent. " Beyond the headline numbers for job growth, it gets a little more mixed," said Jan Hiatus, chief economist at Goldman Sachs. " There is still a lot of slack in the labor market.

Although the economy has held up better than some analysts expected in the face of tax increases and automatic cuts in federal spending this year, overall growth in economic output has also been tepid. The economy grew at an annual rate of 1. 8 percent in the first quarter, short of what's needed to quickly lower the unemployment rate. Still, the job figures for June were enough to prompt Mr. Hiatus and other leading economists on Wall Street to predict that the Fed could announce a shift in policy in September, rather than waiting until December. This was a solid report and it will be seen by the Fed as fully consistent with tapering in September," said Dean Baker, chief
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United States economist at Barclay. In addition, Mr.. Make noted, average hourly earnings rose 2. 2 percent year- over-year, a pace that is near a high for this recovery. Before setting a firm date, Fed policy makers will be closely watching to see if the Job market maintains momentum through July and August. " It's not a done deal in September, just more likely," Mr.. Hiatus said. That was benign enough for traders on Friday. The Standard ; Poor's stock index rose 16. 8, or 1. 02 percent, to 1, 631. 89, while the DOD Jones industrial average jumped 147. 9, or 0. 98 percent, to 15, 135. 84, and the Nasdaq gained 35. 71, or 1. 04 percent, to finish the day at 3, 479. 38. In the bond market, interest rates moved higher, as investors dumped debt on anticipation of faster growth and quicker Fed action. The 10-year Treasury note fell 1 30/32, to 91 17/32, while its yield jumped to 2. 74 percent, from 2. 50 percent late Wednesday. The Fed's stance has bolstered long- term rates, but the central bank is expected to keep short-term rates low at least until 2015.

Component #4: Journal Entry 1: Uh-oh: Americans favor cash over stocks for long-term investments [http:// none. CNN. Com/2013/07/29/investing/cash-investments/index. HTML? Did= HP_LEN](http://none.CNN.Com/2013/07/29/investing/cash-investments/index.HTML?Did=HP_LEN) [http:// MN. Wanders. Com/](http://MN.Wanders.Com/) (definitions) Even Though we are on a slow track to an economic recovery, people still have a mind-set that the economy is in recession. So, instead of people investing in long term investments, gold, stocks, real estate, etc. They are keeping it away in savings with very low interest rates. In a 2013 Banknote survey, over 26% of Americans prefer cash for long term investments.

Getting cash for long term investments might not be such a good idea seeing as how you might come up short in the long run when it comes to education, children, and even retirement. Interest rate is a widely used term but many might not know the true definition of the word. The percentage of a sum of money charged for its use is the definition of interest rate. An investment is something you put time or money into to hopefully get something out of it in the future. This article is pretty much all about investments.

Entry 2 The Senate on Wednesday approved a bipartisan deal that ensures lower interest rates on loans for students heading to college this fall.

[Http://money. CNN. Com/](http://money.cnn.com/)

[2013/07/24/news/economy/senate-student-loans/index. HTML http://](http://2013/07/24/news/economy/senate-student-loans/index.html) On July 24th the senate decided that bringing down interest rates on student loans was something they needed to do. On July 1st of this year, a new interest rate was set at 6.8%, but was cut in half now at 3.86%. This 3.86% interest is not going to hold over the years anticipating the growth of the economy. Students are to expect a 1% interest increase every year reaching 7% in the year of 2017.

Although, there are requirements and provisions to applying for these low interest rates many people qualify for them. The student loan can not be a private loan but instead a Stafford In these improving economic times many things are changing, for example interest rates for students. After reading this article I gained the knowledge of knowing that the senate passed on lowering the rates to 3.86. I am attending college the following year after I graduate and it is important that I know these things so I can plan

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accordingly. There were some words that I didn't know and one of them was provisions.

A provision is an arrangement or preparation beforehand. Another word I was unsure of was subsidize, meaning pay part of the cost of producing (something) to reduce prices for the buyer. Another term I was unsure was a Stafford Loan; this is a student loan offered to eligible students enrolled in accredited American institutions of higher education. Entry 3: <http://money.cnn.com/2013/07/15/investing/stocks-markets/index.html>. [www.answers.com](http://www.answers.com/definitions) (definitions) Stocks gain as earnings come into focus For this week in the economy world the DOD and NASDAQ closed at record highs in over a decade. Both stocks bumped up about 0. %, just enough to set a new record. However, the companies in S; P 500 are expected to have a lower than ever growth. Coming in at less than 0. 1% for the quarter. Although companies under S; P 500 are optimistic to beat the low expectations to come. Along with the growth in the DOD and NASDAQ comes the New York Federal Reserve which rose 1. 8% in the region of manufacturing. Some stocks are projected to better in the coming quarters of the year; but some others, not so much. Since economics is mostly about stocks, government, and economy, I decided to pick this article to get a better idea on all of those perspectives.

I learned particularly from this article that stocks for this quarter in the year are better than expected, but others are projected to have little growth. I also learned some new vocabulary words. Federal Reserve is a word that was not so much new to me, but not fully understood. The Federal Reserve is the banking authority in the US that implements functions of the central banking <https://assignbuster.com/ap-economics/>

system. The next next term I learned isn't so much a word, but a department. The Census Bureau, something that gives demographic information to the people of the United States.

There weren't many new words or phrases learned trot this pa Entry 4: reticular article, rather intimation on the current stock situations.

[Http://management.fortune.cnn.com/2013/07/03/14-reasons-to-stay-in-your-current-job-for-now/](http://management.fortune.cnn.com/2013/07/03/14-reasons-to-stay-in-your-current-job-for-now/) wry. Answers.com/ 4 reasons to stay in your current Job (for now) For those who are looking to quit their Job and find a new one, hang in there a little longer. In this article, it is stated that although the economy is growing, stock are rising, and interest rates are higher, you should stay in your current Job for now.

The article is backed up with reliable statistics that shows unemployment dropping (at a slow rate). A survey says that about 64% of Americans have gotten a Job offer from a different company in the last year. The quitting rate for Jobs in April was 39% when the unemployment was a little higher than usual. The first of the four reasons to keep the current Job you are in is " It is still a buyers market and competition is fierce. " The next reasoning is " New hires are under pressure. " The third reason, a rather good one, " Last hired, first fired. And lastly, " Different isn't always better. " This article was a rather large one, packed with good information on the condition of the economy and projections on the economy. I learned that the unemployed are more optimistic than they were two years ago when applying for a Job. I also learned why people should wait to switch Jobs until the economy is growing at a faster rate. The word " feeler" was new to me, meaning a proposal

intended to ascertain an attitude or opinion. Another term that I wasn't familiar with was compensation package.

This is the combination of salary and benefits that a company is will to offer to applicants and employees. Entry 5: <http://money.cnn.com/2013/06/18/if/healthcare-costs/index.html>.

Answers. Com/Healthcare costs to slow in 2014 Many people in the US are going on without healthcare. This is a serious risk financially and physically to themselves and their family. Although, health care wont save everyone from the rise indoctorvisits, drugs, and surgeries. When the AC (Affordable Care Act) fully kicks in during the year of 2014, insurance rates for health care providers will raise 6. %. This spike in the rate is typically used by insurers to set premiums. Treatments for MS and cancer are expected to Jump the most at 22% in 2014. This news is making consumers change their behavior. Many people have switched to less-expensive health care services such as walk in clinics and urgent care units. I gained awareness in this article that the cost for insurance will rise along with he cost of the actual drugs and services. There were no new terms that were learned, it was mostly things happening in the health care system that are changing.

I learned also that many people have switched from hospitals to clinics because of the cost. Along with that, people are limiting doctor visits and delaying procedures. Many people are outraged at the spike in rates, and aren't sure its a good plan. Entry 6 <http://money.cnn.com/2013/07/16/news/economy/ICP-inflation/index.html>.

Answers. Com Prices climb in June, but annual inflation still tame In the month of June inflation rose 0. 5%, this has been the biggest rise in inflation nice Feb.. Of this year. <https://assignbuster.com/ap-economics/>

Economists took this as a surprise seeing as how they predicted a somewhat lower rise at 0. %. Economists say that other indicators show that inflation remains docile of the long run. Prices of goods and services are up only 1.8% since last year, that increase is considered consistent for a slow economic growth. The core inflation for food and gas was up only 1.6%, the smallest it has been since June 2011. In this article I learned that in the month of June, inflation was at a low rate, but higher than expected. I also learned that the inflation rate right now is ere good because that meaner the country is on track to a slow economic recovery.

Some words that I didn't know or was not too sure of were : Federal Reserve, Hyperinflation, and manifest. The Federal Reserve is a word that I know of, but the true definition is a System is composed of a central governmental agency in Washington, D. C. And twelve regional Federal Reserve Banks in major cities throughout the United States. Hyperinflation is just what it sounds like, inflation at a rather fast paced rate. And lastly the work manifest, this word meaner clearly or known. Component #6: Paper