

Name \_\_\_\_\_

Date \_\_\_\_\_ Hour \_\_\_\_\_

### Handout #1: Economic Decision Making

Economics is about making decisions. For example, you may use your time for either studying for class or working at an after-school job. Are there other combinations that you haven't considered? A production possibilities graph could help you make your decision.

1) You have 10 hours of free time each week and must decide how to use them. In the space below, make a list of all the things you would like to do during this time.

2) Now, take a look at your list and write your top two choices:

\_\_\_\_\_ and \_\_\_\_\_

3) Which one would you pick to do? \_\_\_\_\_

4) That means that your second best choice \_\_\_\_\_, will become your **OPPORTUNITY COST**.

5) Now use the following data schedule. Your after school job will pay \$10 an hour. You have a total of 10 hours to work with. Calculate the number of hours needed for each choice. Some have been completed for you.

After School Earnings	Class Grades
\$0 (0 hours)	A+ (___ hours)
\$20 (2 hours)	A (___ hours)
\$40 (___ hours)	B (6 hours)
\$60 (___ hours)	C (4 hours)
\$80 (8 hours)	D (___ hours)
\$100 (10 hours)	F (___ hours)

6) Describe the story the data above is telling you. What patterns do you notice? Why do you see these?

- 7) A data schedule can provide specific information, but sometimes a graph can better illustrate the idea. Your teacher will help you to construct the prior data into a PPC/PPF graph.

