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**Part One: Key Principles**

**1.) Scarcity and Choice**

The true cost of any decision is an opportunity cost because in life you have a limited number of options to select from, and every decision requires you to give up something you love to gain what you need or want. For example, I'm the type of person that would waste at least 10 dollars in Starbucks all most every morning and order takeouts. But, I want to buy my dream car, which means I'll have to give up some of my favorite things, such as Starbucks and takeout, in order to save enough money to buy my dream car.

Scarce resources deteriorate as they are lost, and almost all resources are limited. When you use a scarce resource, you are fundamentally utilizing it for one purpose only and not for another. In other words, because resources are limited, goods and services are scarce. Every decision necessitates the sacrifice of other viable possibilities. The opportunity cost is the value that might have been obtained by employing the same resources in a different way, though it is not always easy to quantify. The three decisions that every household or business must make when selecting how to allocate scarce resources are by determining what should be produced, how prices should be established, and how much people should be paid for their employment. A nation's output possibilities are constrained by the output combinations suggested by its production possibilities curve. International specialization entails focusing domestic resources toward creating output that a country excels at. Increased international specialization and commerce result in increased production, which is comparable to economic growth.

Every decision contains trade-offs because every option you consider requires you to choose one over another. For example, I can get coffee at any time and anywhere. But, buying a car in the short-term would turn into a long-term, if I keep buying coffee every morning.

**Part Two: Key Concepts**

**1.) Demand, Supply, and Price Control**

The law of supply and demand is a concept that describes how sellers of a resource interact with buyers of that resource. The idea describes the relationship between a good's or product's price and people's willingness to buy or sell it. People are often willing to supply more and demand less when prices rise, and back as prices fall.

The difference between a movement along a curve and a shift of the curve is when the curve is changed by a cost increase, we notice a movement along the curve. A demand curve occurs when changes in the quantity needed are connected with variations in commodity price. However, when the curve is influenced by any change other than a change in the price of a certain product, the curve shifts.

A price is an amount paid by a buyer for a unit of a given commodity or service. If the price is higher than the equilibrium level, forces built into the demand and supply structures will produce pressure for the price to decrease toward the equilibrium. Also, the amount provided exceeds the quantity required, resulting in excess supply. When the price is below equilibrium, there is either excess demand or a lack of supply is, at the given price, the quantity demanded, which was increased by the lower price, now exceeds the amount supplied, which was depressed by the lower price.

**Schedule 1.1:** Supply Schedule
**Schedule 1.2:** Demand Schedule

In the article, "Egg Prices Soar As Supply Falls, Demand Rises", by Ron Sterk, states that "Prices firmed slightly last December only to decline, although holding above summer lows, during the first quarter of 2017. Last week breaking egg prices were as much as six times the lows set in the summer of 2016..". This shows that for people to buy eggs, they needed to lower the prices.

**2.) GDP & National Accounts**

Production = Expenditure = Income

This shows the country's aggregate economic activity is measured. Also, The movement of money between different sectors of the economy is tracked.

The five components that the national income accounting identity decomposes GDP that can be decomposed into consumption expenditures, investment expenditures, government expenditures, and exports of goods and services minus imports of goods and services.

Intermediate goods are items that are used as a component of production to create goods that can satisfy demands. Final products are goods that are easily accessible for sale to the product's ultimate consumer. Intermediate goods are used in the production of final products or consumer goods, or they can be considered to operate as inputs in other commodity markets, forming the final goods as an ingredient.

The reasons why Physical Capital Depreciation, Home Production, the Underground Economy, and Externalities are not measured by GDP are because these categories of output have little effect on the GDP measure's most important purpose, which is to quantify changes in total production over short time periods.

In the chart, you can see that after a year, it increased.

GDP is a measure of an economy's output, not its well-being since it provides information about the size of the economy and how it is operating.

**Part Three: Formulas and Graphs**

**1.) International Trade/International Monetary System**

Countries gain from specialization in manufacturing items for which they have a competitive advantage, as well as trading for other goods. The advantages of specialization include the ability to create a greater amount of products and services, higher productivity, output beyond a country's production potential curve, and lastly, more effective use of resources.

Voluntary trade is advantageous to stakeholders in the exchange because it is essential for a thriving market economy. In other words, Voluntary trade creates wealth. People exchange commodities and services willingly because they believe to are better off as a result of the exchange.

If voluntary trade is advantageous to stakeholders in the exchange, countries impose tariffs because International commerce, like interpersonal and inter-trade, encourages specialization and division of labor while increasing production and consumption. Voluntary trade, whether domestic or international, creates wealth.

The impact of imports on the market imports at a high level reflects strong domestic demand and a developing economy. It introduces new products to the market, reduces costs, and provides high-quality products.

In the article, “Eurozone Economy Outpaces U.S China, but Tougher Times Lie Ahead”, by Tom Fairless, states that “In Germany, in contrast, economic output is expected to stall over the next six months, as supply bottlenecks weigh on the nation’s large manufacturing sector”. This shows that international trade has been increasing.

**Part Four: Analytic Analysis**

In the article, “Amid Trump Tariffs, Farm Bankruptcies And Suicides Rise”, by Chuck Jones, states that “China’s announcement that it will not buy any agricultural products from the United States is a body blow to thousands of farmers and ranchers who are already struggling to get by”. So this shows that to get something, you would have to give up something in return. So that way both side get what they want. Farmers are having a hard time growing their crops in the ground because their not getting the resources they need. So to get what they want, they would have to trade for a good cost. It also states that “armers are under incredible financial, legal and emotional stress. Bankruptcies, foreclosures, depression and even suicide are some of the tragic consequences of these pressures”. This shows that since workers are not getting the resources, that could make their life easier, they need so farmers are being forced to worker over time.