CODECON Meeting 2

1. How economists think through examples
2. Connections to meeting 1
3. Questions posed in the announcements
4. Making choices

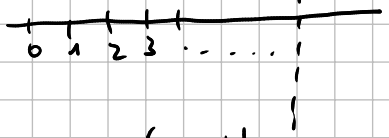
What will (we) be choosing from?

scarcity → limited
→ desirable

	limited	"unlimited"
desirable	✓	
* undesirable		

dimensions of scarcity

one-dimension



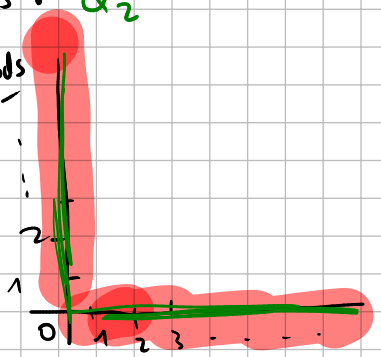
pairs of shoes

when you draw this, think of pairs of shoes as being alike

40-58

goods! things are fungible

two-dimensions

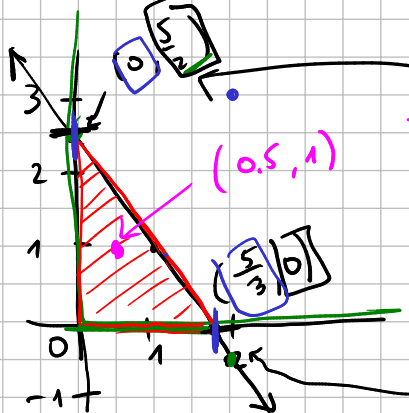


pairs of shoes Q_1

price of a pair of shoes (P_1) * number of pairs of shoes (Q_1) + price of a unit of all other goods (P_2) * number of units of all other goods (Q_2) = income/budget (m) (not in book)

$$P_1Q_1 + P_2Q_2 = m$$

$$3x + 2y = 5$$



$3(0.5)+2(1)=3.5$

$3(0)+2y=5 \Rightarrow y=5/2$

$3x+2(0)=5 \Rightarrow x=5/3$

$3(0)+2y=5 \Rightarrow y=5/2$

$3(1)+2y=5 \Rightarrow y=1$

$3(2)+2y=5 \Rightarrow y=-1/2$

in our context, this does not make sense

$3x+2y=5$ ⇒ solve for y ⇒ $2y=-3x+5$ ⇒ $y=-\frac{3}{2}x+\frac{5}{2}$

(algebra) slope-intercept form: $y=mx+b$ (NOT income!)

slope of the line $-\frac{3}{2}$

$\text{slope}=\frac{\text{rise}}{\text{run}}=\frac{\text{vertical distance}}{\text{horizontal distance}}$

↑ pick any 2 points

$(0,\frac{5}{2})$ $(\frac{5}{3},0)$

$(0,\frac{5}{2})$ $(1,1)$

slope $\overset{\text{also}}{=}$ $-3/2$

$\text{slope}=\frac{\frac{5}{2}-0}{0-\frac{5}{3}}$ or $\frac{0-\frac{5}{2}}{\frac{5}{3}-0}$

$=\frac{5/2}{-5/3}$ or $\frac{-5/2}{5/3}$

$=\frac{5}{2}\div\left(-\frac{5}{3}\right)$ or $\left(-\frac{5}{2}\right)\div\frac{5}{3}$

$=\frac{5}{2}\cdot\left(-\frac{3}{5}\right)$ or $\left(-\frac{5}{2}\right)\cdot\frac{3}{5}$

$=-\frac{3}{2}$ or $-\frac{3}{2}$

slope $\overset{\text{economics}}{=}$ what you must give up to get something!

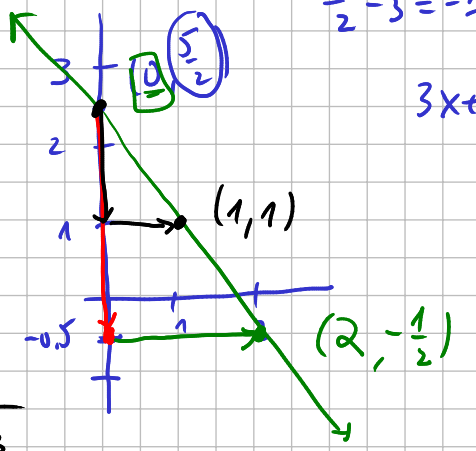
$=-\frac{3}{2}=\frac{-3}{2}=\frac{3}{-2}$

$=\frac{\frac{5}{2}}{-\frac{5}{3}}$

$=\frac{-\frac{5}{2}}{\frac{5}{3}}$

$=\frac{-1.5}{1}=\frac{1.5}{-1}$

$=\frac{1}{-\frac{2}{3}}=\frac{-1}{2/3}$



$\frac{5}{2}-3=-\frac{1}{2}$

$3x+2y=5$