

KEY TERMS 1

Chapter 1 : The challenge of Economics

- **Social Science**: A branch of science that studies the society and human behavior in it, including anthropology, communication studies, criminology, economics, geography, history, political science, psychology, social studies, and sociology.
- **Scarce**: Insufficient to meet demand.
- **Opportunity cost**: The value of the best alternative forgone
- **Ceteris Paribus**: all else equal; holding everything else constant
- **Opportunity Costs**: The value of the best alternative forgone, in a situation in which a choice needs to be made between several mutually exclusive alternatives given limited resources.
- **Macroeconomics**: The study of the performance, structure, behavior, and decision-making of an economy as a whole, rather than individual markets.
- **Macroeconomics**: The study of the performance, structure, behavior, and decision-making of an economy as a whole, rather than individual markets.
- **Microeconomics**: That field that deals with the small-scale activities such as that of the individual or company.
- **Microeconomics**: The study of the behavior of individual households and firms in making decisions on the allocation of limited resources.
- **Scarcity**: an inadequate amount of something; a shortage
- **Economic agent** or **actor** : It's every decision maker makes decisions by solving a well- or ill-defined optimization or choice problem.