

YouTube Title: “pixar shorts” http://www.youtube.com/watch?v=Po8_xe0rwLI

Video Length: 1:27 minutes

Chapter 1: Economics: The Core Issues, p. 2

Topic: Scarcity: The Core Problem, p. 4

Key Terms: Opportunity cost, there is no free lunch, trade-offs

Learning Objective 1: How scarcity creates opportunity costs.

Economic Application

The most fundamental concept in economics is: There is no free lunch. Resources used to prepare and serve even a “free” lunch could be used to produce something else. In the case of the pixar mouse, even though he “believes in miracles” there may be significant costs associated with his actions. Had the mouse not been quite so confident, he could still be resting and singing along with Hot Chocolate in his safe hole/home. Clearly, there are opportunity costs associated with each and every decision that we make in life. In this case even the cheese isn’t really free.

Multiple-Choice Question

The opportunity cost of something is:

- a) the price paid for the good.
- b) what one might be willing to pay for the good.
- c) the measure of the level of scarcity for the good.
- d) the sacrifice of a next-best alternative for the good.

Discussion Question

What is meant in general by the statement “There is no free lunch?”