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Econ 301—Bethany College

**Lecture 01: Introduction & A Big Idea**

1. What is economics?
2. Trade offs
	1. The seen and the unseen
	2. *Opportunity cost*—net benefit of forgone option
	3. *Accounting profit*—revenue minus costs
	4. *Economic profit*—accounting profit minus opportunity cost



1. Quick examples
	1. Disasters and wars
	2. Government spending
	3. Barriers to trade and technology
2. Optimal harm
	1. Because we have trade-offs, all good things cost other good things. This sounds obvious, but it’s not.
		1. Testing drugs kills people.
	2. How much do you value your life?