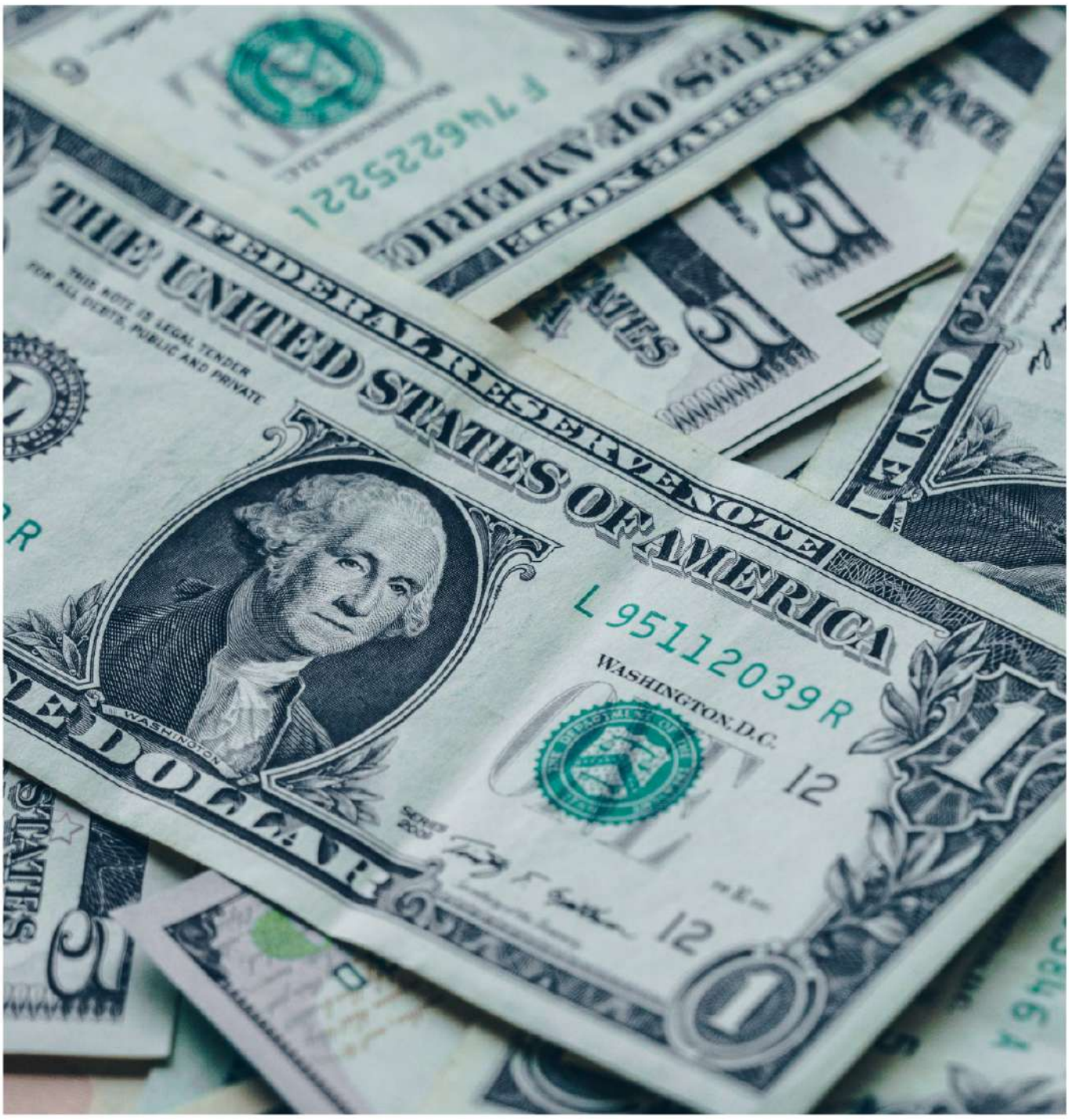
VOLUME 2

THE ECONOMICS SOCIETY

THE ANALYST

BROUGHT TO YOU BY THE ECONOMICS SOCIETY OF DPS INTERNATIONAL, SAKET



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EDITOR'S NOTE

Welcome to the Analyst

The Analyst is DPS International's very first foray into the world of journals. It aims to allow budding economists from classes IX to XII to be able to express their views and write impactful articles on Economics and areas linked to the economics. Our mission it to help strengthen the development of academic writing and lead its path to more scholarly articles. The students are not bound by limitation of preset topics, instead given the opportunity to go above and beyond and explore all issues from the microeconomic or macroeconomic perspective. This journal allows the students to foray beyond their classrooms and use their theoretical knowledge to analyse the real-word issues.

The Analyst would not have been possible without the support provided to it by the school. The Principal and Vice Principal have been sources of inspiration and encouragement along with the commerce department, who have acted as pillars of support to the economic society. This allowed the society to evolve, introduce and conduct many such new and intriguing events. From the Colloquy to the Econ fest to launching the social media pages, this development would not have seen the light of day without the assistance and guidance provided by Mrs. Ashima Dua, the head faculty member in charge of the economics society. From conducting weekly meetings, to ensuring the maximization of the productivity of the society members at all time, to overlooking the organization of each and every endeavour of the society, these would not have been possible without ma'am's constant effort and support. Finally, we extend our vote of thanks to the students without whom this or any further edition will not have been made possible. We were thrilled to see such detailed and economically sound articles and hope to receive many such more in the upcoming editions!

Shyan Sahdev, Rishabh Sharma
Editors of the Economic Society
2021-2022



1984: An Economic Intrigue

Amira Bhutani (Class 10)

1984, an endlessly fascinating dystopian novel by George Orwell, takes every economic concept just to colossally turn it upon its head, resulting in a society which functions on a system which not only suffers countless market failures - but *benefits* from them. The way Orwell does this is to twist and warp the mechanics of supply and demand along with those of scarcity, dynamic efficiency and many more, in order to further the dictatorial regime of the Party. The most important factor which distinguishes *1984* from other economically-sound novels, is that in *1984* the society portrays an overt contempt for the capitalist community which supposedly it overthrew. The fact that even with this animosity - the Party uses economics; the very foundation of a capitalist society; to an extent where it can be argued it played a role more prevalent in *1984* than the previous era of capitalism - is enough to prove its relevance. In this essay, I will prove how and why this statement holds true.

First and foremost, it is necessary to note that out of the only four ministries that run in this world, one - *Miniplenty* - is solely dedicated to economics. This means Oceania runs a planned economy. Here, "economists" balance Oceania's GDP, price level with its aggregate supply and demand. Seemingly, aggregate supply always seems to overfulfill demand by a heavy sum, with "*astronomical number of boots produced*", that too at a very low price level suggesting Oceania's market equilibrium is always just at the brink of full employment, before the supply curve turns into perfectly inelastic supply due to all Party members seemingly also having occupations.

Curiously, however, even with this alleged low unemployment rate and price level, the nation lives in "*a general state of scarcity*", hence facing a low GDP which contradicts its earlier claim of aggregate supply always exceeding demand. The citizens often have to cut their "*chocolate rations to twenty grammes a week*" and live a low quality of life with all but the innermost Party members living in old buildings where the lifts are "*seldom working*" or worse.

The reason behind this eternal problem of scarcity is Oceania's forever-war. Much like how late 1900's Afghanistan was proclaimed to be in, Oceania is in a state of continuous war. Unlike in Afghanistan, however, this action is deliberate with a specific cause driving it: to "*expend labour power*" and deplete resources without the formation of any true consumable product, as well as to increase inequitable distribution of income.

This forever-war provides the citizens with a "*psychologically acceptable reason*" to succumb to this poor quality of life, while simultaneously keeping "*the structure of society intact*". The way this operates is that a majority of the country's resources are spent for the war effort, such as to create "*Floating Fortresses*". As the aim is to keep the population in scarcity, the allocatively inefficient sum of resources given to this is to literally "*eat up any surplus that might exist after meeting the bare needs*" of the people. This means that on Oceania's PPC Curve, its economy would rest at a point extremely close to War Goods and away from Welfare Benefits. Therefore, the Party uses almost all of its revenue from its Fiscal Policy for the war fund, but as this spending does not concern the general public in any way, aggregate demand does not rise safeguarding Oceania from a high inflation rate due to the multiplier effect.

In addition to this, although technically Oceania can be said to be dynamically efficient as scientific research and innovation, as long as it pertains to the aims of the party, continues on. However, the scale and aims of these experiments can never come "*anywhere near realisation*" since they are incredibly far-fetched, lending this whole process useless at its base, meaning Oceania is not truly either productively or dynamically efficient at all, as it has seen "*little development*". Finally, since Oceania exists in "*a sealed world*" without any intermixture of its neighbouring continents save for war or suspicion, international trade is out of the picture.

In summation, what makes *1984* the most fascinating read from an economics point of view - in addition to its system of unbalanced macroeconomic equilibrium, surplus, non-existent trade, useless efficiency and more - is that due to the whole idea of "*doublethink*" and the author of "*The Book"* being unreliable, the readers are unsure whether these drawn conclusions are correct at all or not. Even the little that is understood is wondrous in how even with so many market failures, the economy of Oceania still continues operation!

"Reality exists in the human mind, and nowhere else."
– George Orwell, 1984

"The repeated criticism of the Malthusian theory proves it's originality and truth."

- Sir Christopher Munroe Clarke

Malthusian Catastrophe in India

Aadi Mendiratta (Class 10)

It was 1798, when Thomas Mault, a British philosopher and economist published a theory known as the Malthusian Theory. It stated that growth in population is exponential whereas growth in food production is linear. This will result in the human population sooner or later suffering the fate of population growth being higher than food production, leading to too many hungry mouths to feed.

An unsustainable rise in the human population can be solved by preventive checks, steps taken by humans such as late marriage, birth control, celibacy etc. These will solve the problem, if we're lucky. Otherwise, nature takes matter into its own hands. Positive checks aka, Malthusian Catastrophe. Epidemics, wars, famines, floods, earthquakes - nature will stop at nothing to control the human population. The Black Death in 14th century medieval Europe, when disease, plague and death was as normal as breathing. This mass epidemic took 200 million lives in 4 years. The devastating French famine of 1620 killed over 2 million people. The Chinese Taeping Rebellion of the 19th century which took 20 million people. All examples of nature's ruthlessness - Malthusian Catastrophe.

The question is, will history repeat itself. This time, the focus is on India. The subcontinent has a population of almost 1.4 billion, which is approximately 4 times the population of the United States.

Preventive checks such as the 2 child policy, and the emergency of 1975 when there were thousands of forced sterilizations have been put in place, but by 2025, India's population is expected to reach 1.5 billion. It is quite obvious that the preventive checks aren't working.

India is hugely overpopulated, the result of which is mass poverty, congestion, low food supply, eco degradation, pollution and low levels of education.

Eco degradation, pollution and congestion are quite literally testing the limits of nature, and they are at their peak in India. These things are happening in the form of air, water, soil and noise pollution, as well as deforestation and extractions of

non-renewable resources resulting in floods, soil erosion, global warming, earthquakes etc. Soil erosion could result in lower quantity and quality of agricultural output which may cause famine, a possible outcome of which could be political unrest within the country such as civil wars.

Low levels of education may lead to low economic growth in the long term due to less number of skilled workers, which could further lower standards of living due to the government having less wealth, and incomes being low. This could also lead to famine, which could further cause things such as wars.

Low food supply, congestion, pollution, eco degradation and mass poverty could all lead to earthquakes, famines, wars, floods and tsunamis, which are some of the worst calamities ever to occur in human existence. Things such as pollution, congestion, mass poverty and low food supply are already prevalent in huge numbers in this country. All of this points to one thing - mass devastation in the form of a preventive check - Malthusian Catastrophe. However, maybe India doesn't have to suffer such a fate. Maybe, a malthusian catastrophe won't occur. Indian history since independence certainly indicates this.

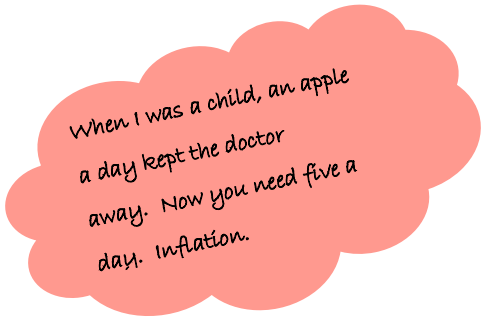
Although in 1950, there were fears of mass death occurring in the form of a Maulthusian catastrophe due to the population increasing as there were high fertility rates, this fear was unfounded. Infant mortality rates reduced by 73% and life expectancy nearly doubled from 36.2 years to 66 years. The population increased massively to 1.296 billion. So, from independence to the recent past, there has been no sign of a Malthusian Catastrophe, or any warning signs or hints that could result in catastrophe.
This was due to 2 reasons. Although there has been a massive rise in population, the rise in food production and GDP has always been greater than the rise in population. The Malthusian Catastrophe has not occurred **yet.**

The European population grew for the second half of the 13th, and the first half of the 14th century, until the Malthusian catastrophe took 20 million people. India is expected to hit almost 1.7 billion people by 2040, and since education levels may reduce due to a large increase in population, it is unlikely to provide demographic dividend. However, the large population would have severely increased poverty, pollution and education levels. All things that could lead to a catastrophe.

The question remains, is a Malthusian Catastrophe ever going to occur, or is the pandemic a potential Malthusian Catastrophe in itself.

Behavioural Economics

Kabir Rao (Class 10)



"A reliable way to make people believe in falsehoods is frequent repetition, because familiarity is not easily distinguished from truth," said Daniel Kahneman, Nobel memorial prize awardee for his contributions to the field of economic sciences.

Before delving deeper into the matter at hand, it is of paramount importance to understand what exactly behavioral economics encompasses. To start off, a key point explored in this field is decision making and how external factors impact the, (for the lack of another word), plainer models presented in classical economic theory. For example, on a micro-economic scale, say a shop owner has a choice between selling his shop for a grand sum of money and remain unemployed for some time or to suffer a loss in the short run by investing in higher quality capital goods to decrease his costs of production, the probability of the shop owner choosing the former is higher than the probability of choosing the latter. This example describes Delay Discounting, a key topic of discussion when it comes to economic decision making.

However, this is but an introduction into the world of behavioral economics which, quite literally, crumbles the classical economic model presented to us. In this essay, two topics will be explored, 'the nudge 'and how behavioral economics can be used to explain the behavior of consumers during the COVID 19 pandemic.

To begin with, let us look at the nudge. The concept of 'the nudge 'was developed by Richard Thaler, known as the founding father of behavioral economics. It is a method used to influence decision making using positive reinforcement and indirect suggestions. This idea lays emphasis on the fact that choices are never made in isolation, which at the time of its introduction went directly against what classical economic theory propagated. An example of the nudge could be as simple as targeted ads used to keep a youngster at home during a lockdown or as subtle as painting flies on walls in men's urinals to 'improve their aim. '

Coming back to the example of targeted ads, by analyzing the multiple factors behind the decision to stay home it can be understood that a sense of fear and urgency was instigated in the viewers 'minds.

This decision was taken by the government to decrease the number of coronavirus cases and/or deaths and from an economic standpoint, it would not want its economy to tank further into a recession due to lower aggregate demand (due to lower consumption and investment) and lower aggregate supply (due to lower labor productivity and therefore higher costs of production.)

On the other hand, these measures may not be successful as consumers may still be moving and socializing outside their houses. When this is explained using behavioral economics, it can be understood that, opposite to the rational model of classical economics, that consumers overestimate the strength of their immune system, therefore being ignorant towards the factual danger of the coronavirus. This is an irrational choice and something that would not be considered when studying governmental decisions in theory. It is also another excellent example of the topic described earlier, 'delay discounting, 'as consumers desire to milk the best parts of the short time where they can enjoy themselves, not considering the long-term health consequences. However, the ramifications of the choice of not adhering to lockdown rules are immense and can be extremely detrimental to government plans that look to ensure market stability and economic growth. To expand on this point, when coronavirus cases rise, two main things set in, consumer uncertainty and increased government spending.

When consumer uncertainty is observed, consumption and investment decrease leading to a fall in aggregate demand which would cause lower economic growth.

When there is increased government spending on vaccinations and treatment of COVID patients, an opportunity cost is also observed as these resources could be used for something else such as providing food or unemployment benefits. The point here is that whenever decisions are made by the government to enact any measures and/or policies these "irrational" decisions must always be considered.

In conclusion, behavioral economics is an exceptional tool that allows economic agents to predict and make decisions that consider the workings of the human mind, thereby allowing effective policies to be enacted and allowing efficient movement towards achieving economic aims.

Analyzing Bollywood

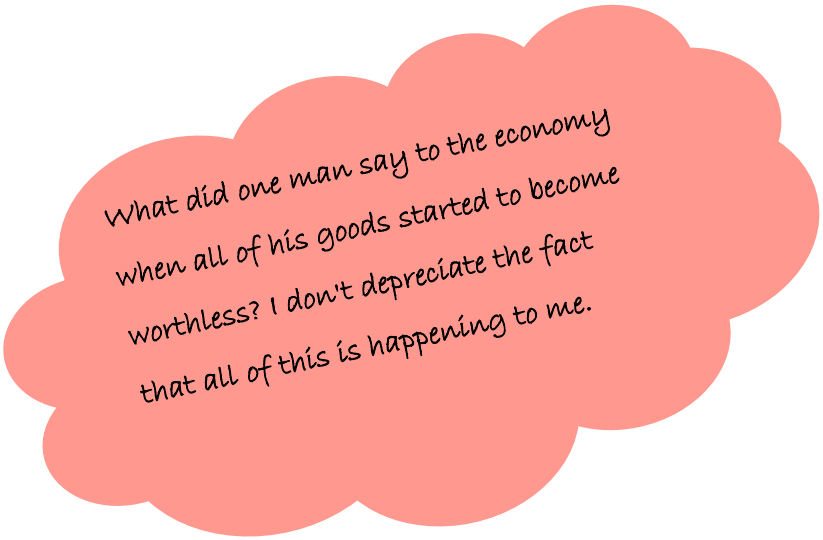
Angelina (Class 10)

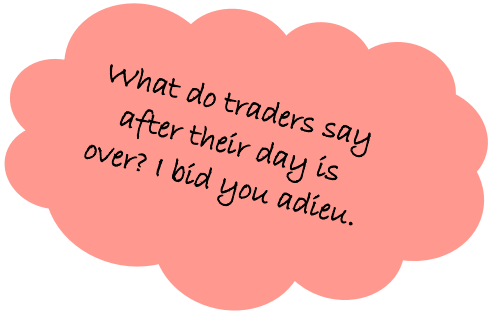
Not being an avid movie-watcher, and having absolutely no knowledge about Bollywood, I was pleasantly surprised to see myself watching movie, and that too, a Bollywood one. The movie's name, was "Thappad"(translation: slap), and it was very reflective of how Indian Society functions. But more than I was appalled by how relevant it was, in terms of economics. The movie's story revolves around, Amritaa, a homemaker. This is often part of informal economies, where people might be working but this is not considered as directly impacting the output levels of the economy, so such work often goes unrecognized. This means, the overall, proportion of women in the workplace, tends to suffer, and this isn't an efficient use of the country's labor force. Such people are able to work, but unwilling to work which negatively impacts the labor force participation rate, and that means lesser productive potential, which means the GDP is lower than what it could have been. These women, might be educated too, but due to societal attitudes towards working women, they tend to be financially dependent, even when they may have the skills and vocational training to earn. This inefficient use of resources means less labor productivity and lesser women in the workplace, which may mean their rights and needs get underrepresented in trade unions, and the basis of wage claims is also less. Working women, may also be paid lower wages on an average than males, due to the gender pay gap. This is because they may be pushed into jobs where they are paid lower such as the primary or secondary sector, and due to societal injustice. This movie shows the lead, as a housewife, and consequences in her personal life due to an incident of domestic violence.

The lead's husband, was supposed to shift to London in the movie, due to getting a promotion. This shows he was geographically, and occupationally mobile which really helps employment levels in the country. The lead's husband, was educated which means even if they were to be fired, it would be easier for them to take up work in another sector, because of the skills and qualifications acquired, one of the major factors affecting occupational mobility. In this movie, due to having proper information, a working visa, as well as family going with him, the lead's husband had greater geographical mobility. Factors, which could otherwise be a hindrance, if workers were to switch jobs between cities. Although, they weren't able to go to London to work later, because of the boss's relative being selected. This example, shows nepotism in the workplace, can affect who gets employed too, as the employer may employ, someone who they have known previously, rather than assessing the skills, qualifications and performance of a worker.

The film's story is interlinked with that of the girl, who plays Amrita's maid. She was also a victim of domestic violence. Her living standards were very low, as she lived in a poorly constructed house, and struggled to pay for basic needs. Her income, wasn't enough to pay for her autonomous consumption. The reason, being the job, she was in, was lowly paid. People working at sweepers, etc. do have a high demand, yet there is a high order of supply to match that. The reason being, with little or no training, people can still start working, and they don't have to do courses to be certified to do that. This makes the demand of labor elastic. This means, even if they claim, a higher wage, since they are so easily replaceable, they wouldn't be paid higher. Their relative bargaining power is low, due to little skills, Thus, they live below the poverty line, as do many Indians. The national minimum wage in India is also low, because India is a poor country, so they are poor, both absolutely and relatively. They are actually stuck, in the vicious cycle of poverty. Because they have less income, less purchasing power, they don't have a strong education and healthcare system, which affects their employment opportunities, which similarly impacts their children.

This movie, isn't just a good-watch, in terms of assimilating you with how problematic Indian Society is, but also about how it shows you how important literacy is when it comes to the proper functioning of a dynamic economy, that is India.





The Economics of Trench Warfare

Hans Deepak (Class 10)

Journey's End, the landmark 1929 play by R.C. Sherriff, or alternatively, the 2017 Asa Butterfield starring movie based on it, is at its core about humans in wartime. It is a story of how combat permanently changes people, of how the First World War broke down class barriers, of decency and comradeship in the face of the worst horrors known to man. It is also a story of the nitty-gritty economics of early 20th century trench warfare, without which we would not have a trench to set a story in. As much as it is a human drama, Journey's End is also an economic drama, one about the scarcity of rifle grenades, the time-lag in the benefits of a trench raid, the opportunity cost of sending out a wiring party, and so on.

As the story begins, a Captain Hardy and his company vacate a short stetch of a trench. They are to be relieved by Captain Stanhope's company, which shall occupy it for the next three days, over the course of which the events of the story unfold. The position as left by Hardy's men is a prime example of market failure- the dugouts smell foul, the grenades have been allowed to go damp and rust- it is in no fit state to live in and fight from, and has thus failed its primary purpose as a defensive line. This failure is caused by Hardy's men not taking into account external costs. Since they would vacate the trench shortly, they lacked a personal incentive to keep it in good shape, not considering the problems this would cause the men replacing them. In addition, there is a disequilibrium of supply and demand, there being 9 spare boots for left legs, but 17 for right legs, and the canned pineapples and pepper for the mess being unavailable. In the majority of cases, this proves harmful- pepper is a disinfectant that kills parasites in food, and gumboots keep soldiers 'feet dry and gangrene free- but in the case of the pineapples, one of Stanhope's subordinates takes a liking to the apricots that have replaced them, showing how stopgap measures are sometimes effective.

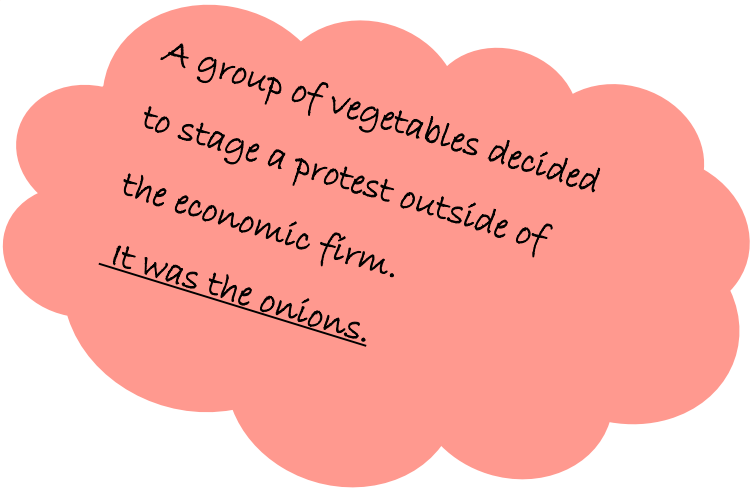
After establishing the basic economics of maintaining a trench line and keeping it supplied, the story introduces its main economic theme, that of opportunity cost. A trench raid is ordered, with the objective of bringing back a prisoner for questioning on an upcoming German offensive. The benefit of getting to know where the offensive shall fall the hardest must be weighed against the potential cost of sending 10 men and 2 officers into no man's land.The risk of the raid increases exponentially when the Germans have spot the gap in their barbed wire, blown by trench mortars for the purpose of the raid, and sight their machine guns on it. Although the opportunity cost arguably outweighs the likely benefit by now, the raid must take place as soon as possible, because there is a time-lag of several

hours between the conducting of a raid, and the compilation of the intelligence extracted from any prisoners captured during it. It goes ahead, a prisoner is taken, but 7 of the 12 men in the raiding party are killed. For regimental command, the information far outweighs the loss of a small number of soldiers, but for Stanhope and his company, the loss of half a section of men and a good officer is a heavy blow, highlighting the difference between the micro, and macroeconomic impacts of the same action.

The final economic theme discussed is that of employment. More specifically, due to the higher educational and leadership qualifications required of an officer, their supply is lower than that of privates, but demand for them in the army is higher. This leads to better compensation, in terms of food (the men eat hardtack and cheese, the officers have a rudimentary mess), accomodations (the men sleep in the trench, the officers have wooden crates in their dugout), and reward for meritorious work (after a trench raid, the men get a cup of rum, the officers a bottle of champagne), and so on.

Journey's End is about people in wartime. But those people make choices, choices with varied imapcts, and at the end of the day, that is what economics is all about.





The most pertinent economic issue: Income Inequality

Suveera Batra (Class 11)

The World's richest 1% have more than twice as much wealth as 6.9 billion people in the World. A large proportion of high-income earners avoid as much as 30% of their tax liability. The mean HDI for the African continent is 0.536 while the average for Europe is 0.845. What all these facts narrow down to Developmental Inequality-undoubtedly the biggest economic issue plaguing the world today.

One of major factors adding up to the same is income inequality which is often studied using GDP/ capita- the paramount measure of actual economic growth in an economy. This poses as a significant issue as equality, or fairness matters to all societies, irrespective of socio-economic background, ideology, culture , or religion. Few of the pivotal factors that contribute to income inequality include education, technological advance and differences in employment structure. Differences in accessibility, availability and quality of education can hamper economic growth, hence real GDP/capita and hence factor incomes. Low levels of education in some countries would lead to less productive workers, a less mobile work force and hence a lower earning potential for these workers. Furthermore technological advancements can disproportionately raise the demand for capital whereas skilled labour over low-skilled and unskilled workers by eliminating many jobs through automation or upgrading the skill level required to attain or keep those jobs. This could lead to lower increased income inequality. In addition to this, different countries might have different factor endowments leading to specialisation in different sectors of the economy. If for instance, an economy specialises in agriculuture as compared to one specilising in manufacyturing, the latter is likely to have a higher GDP/capita. Another facet of the same argument would be that the recent increase in globalisation has encouraged gtrade based on comparative advantage. Unfair trade can also to generate higher income eqality as a country with a comparative advantage in manufacture of cars is likely to be wealthier than one with a comparative advantage in production of tea leaves. Healthcare differences, rooting from the factors listed above also contribute to developmental inequality in the World.

A deleterious effect of this developmental inequality is financial deepening or the viscous circle of poverty. Nations with a higher GDP/capita would have more citizens who engage in savings, investment and education for their children causing them to be richer in the future. Hence the rich become richer is a common feature of capitalist economies and causes significant social unrest which could potentially affect the productivity of low-income earners as they tend to lose faith in the system and feel unmotivated to put effort in work and enterprise. The social unrest could also affect the mental stability of the citizens of a country and may affect the happiness index of the nation, affecting overall holistic development negatively.

In addition to this, developmental inequality has high social costs due to disruption to social equity which is thought of as having a positive relationship with a stable economic growth which is one of the main macroeconomic aims of the government. IMF studies have shown that a lower Gini Coefficient is associated with increased sustainability of an economy.

TRY TO ANSWER THESE

Que) I only study on small individual economic units. What am I?

Answer) Microeconomics

Que) I am a process through which commercial banks are able to create credit which is in far excess of initial deposits. Who am I?

Answer) Money Creation

Que)I am known by different names in different countries. In UK I'm known as Bank of England and in USA I'm known as Federal Reserve System. Who am I?

Answer) Central Bank

Storynomics: Unemployed Pups

Arav, Kanika, Mishti (Classes 10,11,12)

Dark clouds gathered around the street thrashing branches onto cars causing the once quiet lanes to be surrounded by loud booms of thunder. Suddenly a harsh gush of wind pushed little Lilly's window open filling the room with a cold breeze. An ear piercing shriek was heard in the middle of the night causing her mother to rush upstairs.

“I can't sleep mummy, can you read me a story book please?” Lilly pleaded.

“Yes, sure,” replied the mother. “I'll read you a dog story today”
Mr. Puppington walks into the unemployment office in Pupland...

"I need a job." He weeped.

Surprised, the clerk says "I'm sure the circus would be very interested in you. Shall I contact them?”

"If you like." Replied the dog. "But why would the circus need an architect?".

“Mommy what is unemployment?”, asked Lily in a very anxious voice. Mother replied, “Unemployment occurs when one of working age (18 to 60) is unable to find work. These dogs therefore do not receive a paid salary but may receive benefits from the Government.

“What causes unemployment?”, questioned Lily in a very curious tone. “Unemployment is broadly categorised into four categories: seasonal, frictional, structural and cyclical unemployment”, replied mother.

“Can you explain it a little further?” asked Lily. “Seasonal unemployment is when the demand for workers in certain industries changes on a seasonal basis. For example, a mango farmer will be unemployed during the winter season. Secondly, there is frictional unemployment, it means when a dog is between jobs. In simple terms it means that when a worker has either left a job or has been fired and is in search of a better job. In addition to this, there is also structural unemployment. It is caused by long-term changes in the pattern of demand and methods of production. For example there is better machinery available so there will be a change in methods of production. At last there is cyclical too. Which is caused when there is a lack of demand.

“Can an unemployed dog ever have a job again?” asks Lilly. “Yes of course, when firms earn more money then they have an incentive to employ more dogs hence leading to a decrease in the unemployment rate. There are many ways for this to be possible. If a country’s demand for goods and services increases then this could lead to bad economic growth because the prices of products have increased due to scarcity.

The Dog Government Association decided changes needed to be made. In order to fix the unemployment problem, they decided to implement supply side policies- increase in the dog government spending. This was done by the project- Jobs For Pups.Puppy Parlours and spas, Puppy homes were introduced which allowed more jobs. Pups started earning more money and could now afford better quality pup food and fancier bow ties…” That's when mother realised Lily fell asleep and kissed her goodnight.

TRY TO ANSWER THESE

Que) What is a model of the economy in which the major exchanges are represented as flows of money, goods and services, etc. between economic agents?

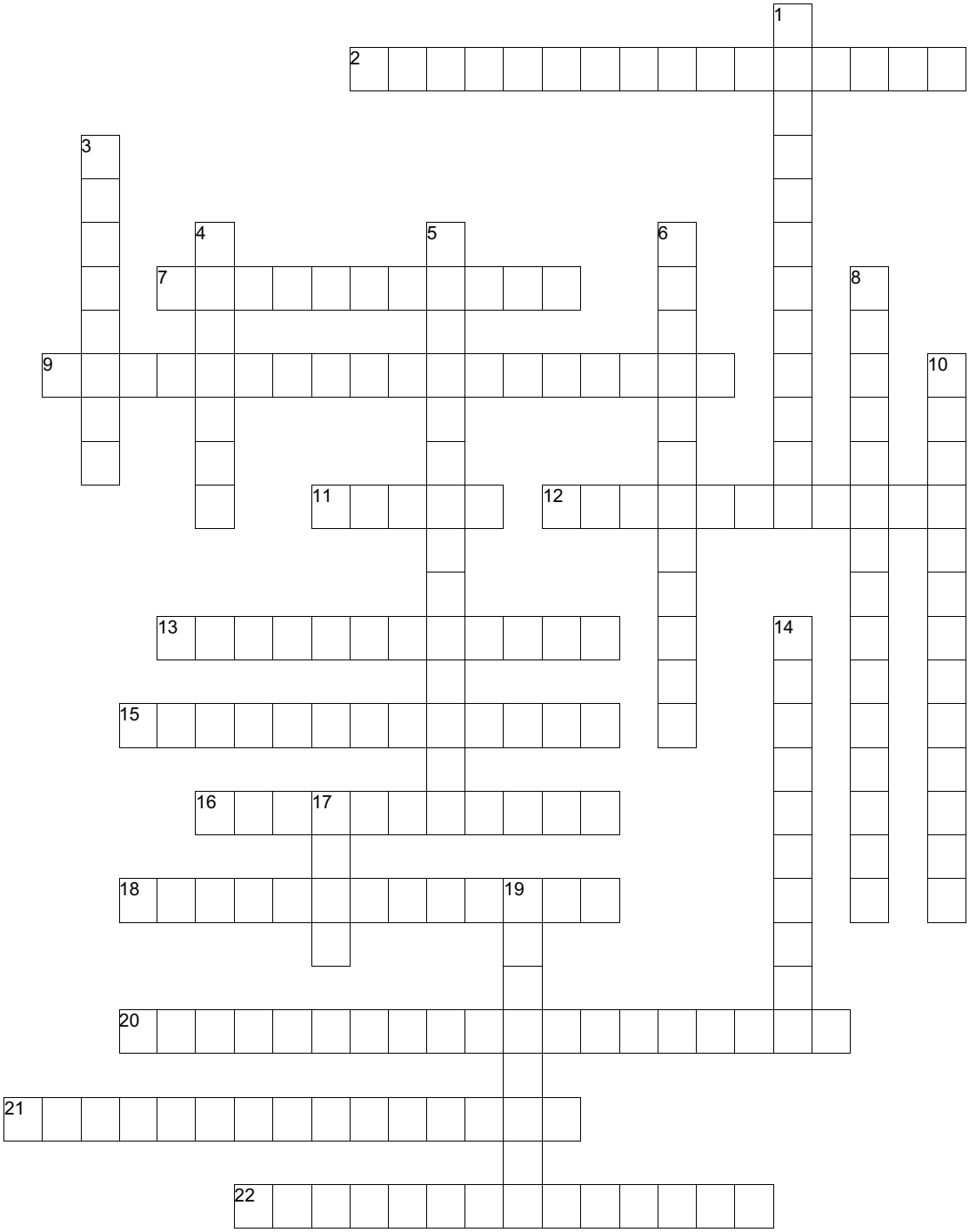
Answer) Circular flow model

Que) What is an asset that a borrower owns and uses it as a guarantee to the lender until the loan is repaid?

Answer) Collateral

CROSSWORD

Figure out economic terms in a fun way!



Across

2. The process of designing, launching, and running a new business.

7. Food, air, and shelter, and attention we desire.

9. use an economy's resources.

11. The effort that a person devotes to a task for which that person is paid.

12. economic system consisting of a mixture of either markets and economic planning, public ownership and private ownership, or free markets and economic interventionism.

13. elimination of government power in a particular industry, usually enacted to create more competition within the industry.

15. Situation in which allocation of goods and service is not efficient

16. service that is provided without profit to all members of a society, either by the government or a private individual or organization

18. The cost of producing one more unit of a good.

20. Resources that are used to make ALL goods and services.

21. Satisfaction or utility that a person receives from consuming an additional unit of a good or service.

22. theoretical socially-enforced constructs in economics for determining how a resource or economic good is used and owned.

Down

1. the state or quality of producing something, especially crops.

3. An alternative we sacrifice when we make a decision.

4. Any human-made resource that is used to produce other goods and services.

5. choices

6. product that must be purchased to be consumed, and its consumption by one individual prevents another individual from consuming it.

8. The most desirable alternative given up as the result of a decision.

10. Where the government, rather than the free market, determines what goods should be produced

14. The concentration of the productive efforts of individuals and firms on a limited number of activities.

17. Natural resources that are used to make goods

19. Limited quantities of resources to meet unlimited wants.

SURPRISING FACTS YOU MIGHT HAVE NOT KNOWN :

1) If California were a country, it would have the fifth highest GDP in the world - $2.747 trillion

2) **Economics was originally called 'political economy'** -This change had diverted the way economics was looked at; with a new perspective, economics was accepted as a "social science" which takes into account of ethical reasonings and value judgments to evaluate and arrive at conclusions.

3) **The Nobel Prize in Economics is not a real Nobel Prize** - Unlike the original Nobel Prizes (Physics, Chemistry, Physiology, Medicine, Literature and Peace), established by the Swedish industrialist Alfred Nobel at the end of the nineteenth century, the economics prize was established by the Swedish central bank (Sveriges Riksbank) in 1968 and is thus officially called the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

4) **Most poor people don't live in poor countries!** - Over 70% of people in absolute poverty actually live in middle-income countries. As of the mid-2000's, over 170 million people in China (around 13% of its population) and 450 million people in India (around 42% of its population) lived with incomes below the international poverty line.

5) **It was arch-conservative Otto von Bismarck who introduced the first welfare state in the world**- Bismarck hated socialism, but he wasn't an ideologue. He basically figured out that if you don't provide a minimum safety net to workers, they will be persuaded by the socialists. So he kept workers happy by creating the first welfare state in the world. This suggests that,

contrary to their own self-image, those who want to destroy the welfare state may be the biggest enemies of capitalism.

6) **Generation Z might spend as much as $143 billion next year**-Generation Z, the population born between 1997 and 2012, will make up 40% of US consumers by next year. Those consumers are expected to contribute as much as $143 billion in direct spending. This will cause plenty of retailers headaches as they figure out how to deal with the changing habits of a generation raised on the internet and with mobile devices.



"Remember, an economic boom is usually followed by an economic kaboom."