

# Economics in Troy's World

Troy just moved to a new neighborhood. He learned that many of the elderly residents had no one to mow their lawns. He saw an opportunity to earn some money.

Troy borrowed a lawn mower and \$50 from his father. He needed to get the mower serviced, buy gas, and make flyers to advertise. Troy set a price that was worth his time but was not so high that the neigh-

bors might not hire him. By the end of the summer, Troy had made \$1,000, even after he repaid his dad and paid for his gas. He could have made even more if he had mowed more than one lawn a day.

Now all he had to do was decide what to do with the money. He could save the money until he had enough to buy a used car, or he could buy a computer now.

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1. How did Troy answer the 4 economic questions:
    - a. What to produce?
    - b. How to produce?
    - c. How much to produce?
    - d. For whom to produce?
  2. Was Troy part of a free market economy? Explain.
  3. What kind of economy would it be if the city set the price for mowing lawns?
  4. Was Troy supplying a good or service?
  5. How did Troy benefit from scarcity?
  6. What kind of scarcity was a COST to Troy?
  7. What is the human resource Troy used?
  8. What capital resource did Troy use?
  9. What Louisiana natural resource did Troy use?
  10. What will Troy's opportunity cost be if he chooses saving for a car instead of buying the computer?
  11. Why didn't Troy charge a higher price?
  12. Why did Troy make flyers?