

1.1 Living in a Global Economy

Trade-offs, also known as opportunity costs, are what one gives up when making a decision. For example, imagine that Keisha has \$2,000.00 in her savings account. She must decide whether to keep the money in the bank or spend it on a used car. If she keeps the money in the bank, the opportunity cost is the used car. If she buys the used car, the opportunity cost is the money she would have earned in interest. All financial decisions involve trade-offs (opportunity costs).

After completing high school, graduates must decide whether to continue their education or enter the workforce. Complete the chart below by listing the opportunity costs of each decision. That is, what are you giving up by going to college or getting a job?

Go to College	Enter the Workforce