

Economics Unit 1:

Fundamental Economic Concepts

Standards/objectives

SSEF1 The student will explain why limited productive resources and unlimited wants result in scarcity, opportunity costs, and tradeoffs for individuals, businesses, and governments.

- a. Define scarcity as a basic condition that exists when unlimited wants exceed limited productive resources.
- b. Define and give examples of productive resources (factors of production) (e.g., land (natural), labor (human), capital (capital goods), entrepreneurship).
- c. List a variety of strategies for allocating scarce resources.
- d. Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.

SSEF2 The student will give examples of how rational decision making entails comparing the marginal benefits and the marginal costs of an action.

- a. Illustrate by means of a production possibilities curve the trade offs between two options.
- b. Explain that rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs.

SSEF3 The student will explain how specialization and voluntary exchange between buyers and sellers increase the satisfaction of both parties.

- a. Give examples of how individuals and businesses specialize.
- b. Explain that both parties gain as a result of voluntary, non-fraudulent exchange.

SSEF4 The student will compare and contrast different economic systems and explain how they answer the three basic economic questions of what to produce, how to produce, and for whom to produce.

- a. Compare command, market, and mixed economic systems with regard to private ownership, profit motive, consumer sovereignty, competition, and government regulation.
- b. Evaluate how well each type of system answers the three economic questions and meets the broad social and economic goals of freedom, security, equity, growth, efficiency, and stability.

SSEF5 The student will describe the roles of government in a market economy.

- a. Explain why government provides public goods and services, redistributes income, protects property rights, and resolves market failures.
- b. Give examples of government regulation and deregulation and their effects on consumers and producers.

SSEF6 The student will explain how productivity, economic growth, and future standards of living are influenced by investment in factories, machinery, new technology, and the health, education, and training of people.

- a. Define productivity as the relationship of inputs to outputs.
- b. Give illustrations of investment in equipment and technology and explain their relationship to economic growth.
- c. Give examples of how investment in education can lead to a higher standard of living.

Unit 2 Study Guide

Section 1

I CAN:

1. Define scarcity
2. Identify the countries in the world affected by scarcity?
3. Identify the factors of production and list examples of each?
4. Identify what payments for each of the factors of production are called?
5. Identify what payments for each of the factors of production are called?

Section 2

I CAN:

1. Define trade-offs?
2. Define and identify examples of opportunity costs?
3. Analyze a production possibilities frontier?

4. Define cost-benefit analysis and explain how it helps me make rational economic decisions?
5. Define **marginal costs** and **marginal benefits** and link them to rational economic decisions?

Section 3

I CAN:

1. Describe the effect specialization has on productivity?
2. Give examples of how individuals and businesses specialize
3. Describe what is meant by voluntary, non- fraudulent exchange
4. What happens with both the buyer and seller engage in this type of exchange.

Section 4

I CAN:

1. Identify who makes economic decisions in a market economy.
2. Identify who makes economic decisions in a command economy.
3. Identify which economic system forces producers to make products consumers want.
4. Identify the common problem all economic systems face.
5. Identify which economic system depends on private ownership of property.
6. Identify which economic system doesn't guarantee economic security.
7. Identify the advantages a market economy has over a command economy.
8. Identify who owns the means of production in a command economy.
9. Identify advantages a market economy has over a traditional economy.
10. Identify the factor that determines the division of an economy's output in a market economy.
Explain the reason that modern command economies have failed.
11. Identify the type of economy the US has (AND most countries in the world today)?
Provide an example of two countries in the world today that have command economies?

Section 5

I CAN

1. explain the importance of government patents in a market economy?
2. describe the effects of government regulation on consumers and producers?
3. explain the effects of deregulation by the government?
4. describe the results of investment in new technologies in a country?
5. describe the effects of a country encouraging entrepreneurship?
6. identify what pays for land, labor, capital, and entrepreneurship?
7. identify examples of investments in human capital?
8. describe the relationship between entrepreneurs and labor?
9. define and give examples of regional specialization?
10. define capital investment?

Section 6

I CAN

1. Define productivity in relationship to inputs and outputs.
2. Give three examples of investment in equipment and technology
3. How is investment in equipment and technology linked to economic growth?
4. Explain how investment in education leads to a higher standard of living.

