

Unit 1B

SSEF3-SSEF6

SSEF3:

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

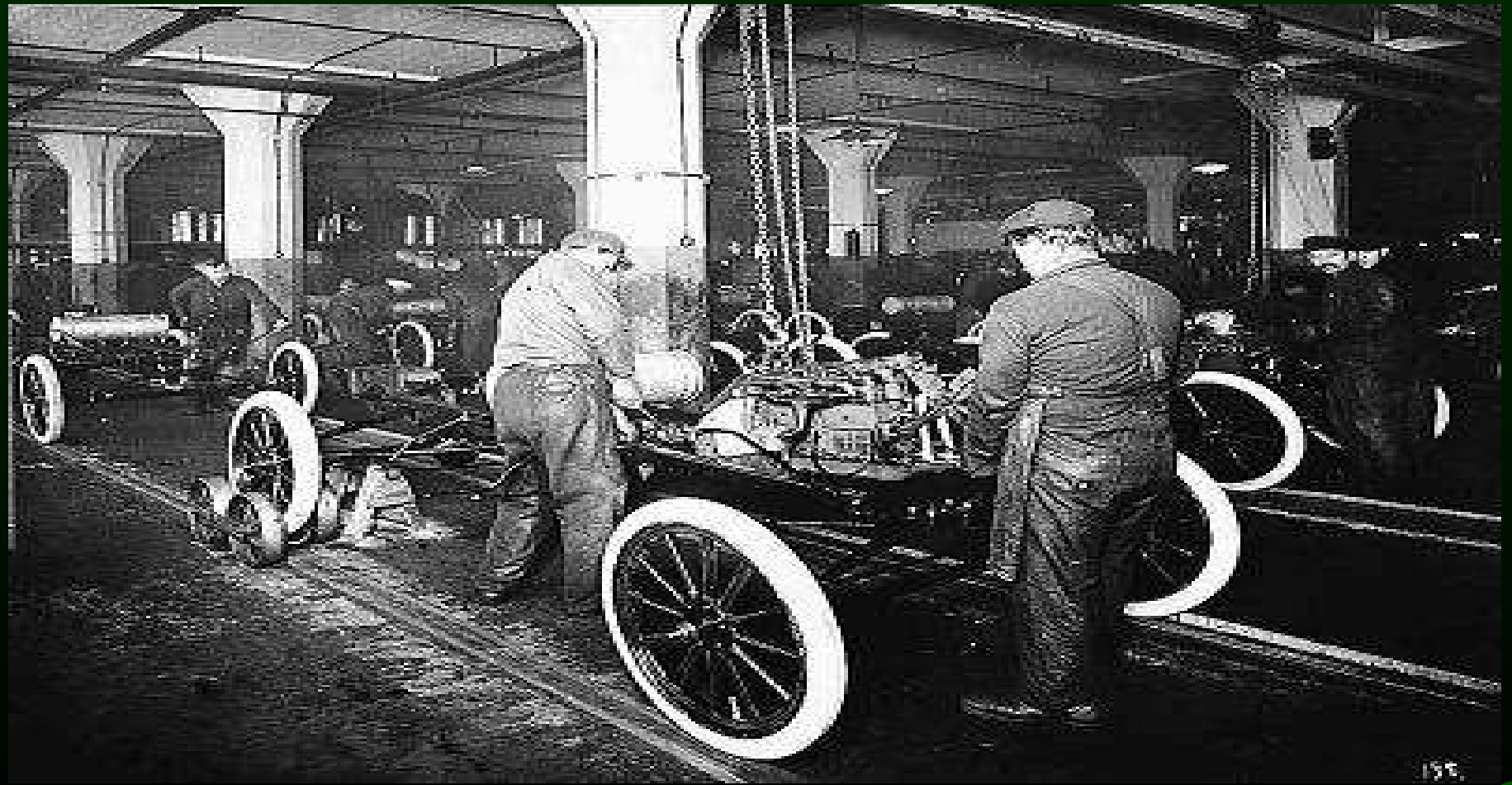
EQU:

- When do we engage in voluntary exchange in the American economy?

Standard Info:



Specialization:



- Assignment of tasks so that each worker performs fewer functions more frequently; same as the division of labor.

Voluntary Exchange



- Act of buyers and sellers
freely and willing
engaging in market
transactions

SSEF3 a : Info



SSEF3 _a.

- Give Examples of how individuals and businesses specialize

Individuals



- One person in society

Businesses



- A sole proprietorship, partnership, or a corporation that creates goods or services to sell in the market.

Reasons for Specialization:

- Producers reduce their costs by increasing productivity
- If each worker specializes and the labor is divided, production increases.
- Workers who focus on one task become faster and more proficient

Examples of Specialization:

- Medicine



Journalism



Explain:

- Explain the relationship between specialization and voluntary exchange.

- Specialization leads to a need for voluntary exchange!
- Example: I tutored in Social Studies in college. In exchange I was tutored in Calculus for free!

SSEF3_b:

- Explain that both parties gain as a result of voluntary, non-Fraudulent exchange

Voluntary Exchange

- 1) Takes place in a market economy where MOST people obtain things they need or want

V.E. (CONT.)

- 2) Occurs when consumers find what they want at a price they are willing to pay and for which the producer is willing to give them the product

- 3) Both parties gain because the exchange was voluntary and non-fraudulent (*fraudulent means dishonest*) Voluntary exchanges are honest and even exchanges!

Benefits of V.E.:

benefits



- Encourages increased productivity and efficiency
- Inventions and innovations

Involuntary exchange:

- A forced exchange in society.

- Cite at least three examples of voluntary exchanges you have made in the last couple of weeks. Answer the following questions for each.
- 1) How are you better off by having made these exchanges?
- 2) Did the person with whom you made exchanges with gain too?
- 3) How did that person gain?

SSEF4:

- The Student will compare and contrast different economic systems and explain how they answer the three basic questions of,
 - 1) What to produce?
 - 2) How to Produce?
 - 3) For Whom to Produce?

EQ:

- How do the six Broad Social goals answer the three basic economic questions?

(6) Broad Social Goals Vocab.

- 1. Econ Efficiency~ Refers to how well scarce productive resources are allocated to produce the goods and services people want...with the lowest costs possible.

2. Econ Equity~

- What is “Fair”? Econ actions and policies have to be evaluated in terms of what people think is right or wrong.

3. Econ Freedom~

- The freedom of consumers to decide how to spend or save their income, the freedom of workers to change jobs

4. Econ Growth

- Refers to increasing the production of goods and services over time.

Econ growth is measured by changes in the level of real gross domestic product (GDP). A target annual growth rate of 3-4% in real GDP is generally considered to be reasonable and sustainable.

5. Econ Security~

- protecting consumers, producers, and resource owners from risks that exist in society. Each society must decide from which “uncertainties” individual can and should be protected, and whether individuals, employers, or the government should provide for this protection.

6. Econ Stability~

- Maintaining stable prices and full employment and keeping economic growth reasonably smooth and steady. Price stability means avoiding inflation or deflation. Full employment occurs when an economy's scarce resources, especially labor, are fully utilized.

SSEF4_A.

- Compare command, market, and mixed economic systems with regard to private ownership, profit motive, consumer sovereignty, competition, and government regulations

SSEF4_b:

- Evaluate how well each type of system answers the three economic questions and meets the broad social and economic goals of FREEDOM, SECURITY, GROWTH, EFFICIENCY, AND STABILITY.

Command Economies



- Have a high degree of gov't interaction, are better suited to meet stability and equity goals.
- The MAIN reason that modern command economies have failed is that Gov't decision-making led to shortages and inefficiency

Market Econ system

- Support the goal of Economic Freedom: Producers are allowed to choose which products they wish to make.
- Competition and Free Enterprise are most common in a Market system

Mixed Econ System

- Most nations have a mixed System in the world today.
- Offers great freedom to economic actors while at the same time implementing enough government control to hopefully avoid economic catastrophes

SSEF5

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

Market Economy:



- An economy whose consumers decide what is bought and sold in their society.

SSEF5_A:

- Explain why government provides public goods and services, redistributes income, protects Property rights, and resolves market failures.

Public Goods

- Tangible (solid) products that consumers can buy

Public Services

- Intangible products consumers can buy

Property Rights

- The rights the owner has in determining what can and cannot happen on their land

Market Failures

- Times when the government steps in to fix a problem caused by supply and demand

SSEF5_b:

- Give examples of government regulation and deregulation and their effects on consumers and producers.

Regulation

- When the government puts policies in place to try to fix a problem

Deregulation

- When the government retracts policies to let the market decide itself

Redistribute Income (SSEF5A) Ex.

- increasing unemployment benefits,
- implement more welfare programs,
- rearrange tax brackets

- The federal government imposes a fine against companies
- Transfer Payments: no service is required in return, but people receive money.

Resolving Market Failure Examples:

- Break up Monopolies
- Address shortages or surplus of items
- (Think about how did the government try to solve the automobile business and housing issues?)

Regulations: (SSEFb)

- Restaurant Inspections:
Who pays for the restaurant to meet gov't regulations?

Deregulations:

- Allowing trade without gov't regulations!
(Airlines)

Effects of Regulation and De-Regulation

- Both Regulation and deregulation have benefits and costs to producers and consumers

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.

EQ:

- 1. How does investment in human and physical capital affect productivity and economic growth?
- 2. In what ways have you increased your productivity during your high school career?
- 3. How do we measure growth and productivity?

Productivity

- Degree to which productive resources are used efficiently. Normally refers to labor but can apply to all four factors of production.

Economic Growth

- Sustained period which the total output of goods and services increase

Investment

- Dedication of resources or assets to creating financial benefits in the form of income or profit in the future

SSEF6A

- Define productivity as the relationship of inputs to outputs.

Inputs

- The capital goods needed to make the final product of a good or service

Outputs

- The consumer goods that are the final product of a good or service

Factors influencing Farmers

Physical Factors



Rain



Temperature



Soil



Slope

I want to make a profit.
What shall I produce ?

What do
these factors
encourage
you to produce?



What do
these factors
allow you to
produce?

Human Factors



Market



Farm Size



Building
machinery
labour



Government policy
and EU subsidies



Sheep ?



Cattle ?



Fruit ?



Cereals ?

- Economic growth is often tied to investment in machinery, new technology, and education of the population this is because these items lead to a greater productivity of inputs

SSEF6B

- Give illustrations of investment in equipment and technology and explain their relationship to economic growth.

Equipment

- The set of articles or physical resources serving to equip a person or thing: as
- (1): The implements used in an operation or activity



Technology

- The practical application of knowledge which helps society become more economically efficient



- Investing heavily in new capital and technology is related to economic growth.



SSEF6C

- Give Examples of how investment in education can lead to a higher standard of living.



Educational Investments

- When a person invest in themselves to become a scholar of a particular field.

EQ:

- 1. How does investment in human and physical capital affect productivity and economic growth?
- 2. In what ways have you increased your productivity during your high school career?
- 3. How do we measure growth and productivity?

Review for Test

- 1. Why does Division of Labor improve efficiency on the job?
- 2. Describe Voluntary Exchange.

- List the different type of markets in the world.
- Describe each market.
- What are the three basic economic questions?
- How does the government resolve Market Failures?

- How does the government provide public services?
- Economic growth is tied to.....
- Give example of capital investment
- Give examples of human investments