

MONDAY, SEPTEMBER 9

Economics Unit 1: Intro to Econ

ENTRY TASKS:

- Sit in your chosen assigned seat from Friday.
- Take out your Personal Brand Project (if you haven't presented).
- Turn in your signed syllabus form at the front table (if you didn't on Friday).
- Think of your top 3 favorite corporations.

TODAY

- ✓ Book Check
- ✓ Finish Personal Brand Presentations
- ✓ Popsicle Sticks
- ✓ Choose Table Company Names
- ✓ Unit One (Chapter 1) Overview: Intro to Econ

TABLE NAMES

Choose a company as your designated table name. It can be local, state-wide, national, international, etc. Your choice!

Tell us:

- Company name
- Why you chose it
- How it represents the members of your table
- Company mission statement and/or vision statement

CHAPTER ONE OVERVIEW

Chapter 1, Section 1: The Basic Problem in Economics

- Wants, Needs, & Choices
- The Problem of Scarcity
- Factors of Production

Chapter 1, Section 2: Trade-Offs

- Trade-Offs
- Production Possibilities Curve

Chapter 1, Section 3:

- Economic Models
- Schools of Economic Thought

TUESDAY, SEPTEMBER 10

Economics Unit 1: Intro to Econ

ENTRY TASK

Think – what's the difference between a WANT and a NEED? Think of an example of each.

UNIT ONE:

INTRODUCTION TO ECONOMICS

Chapter 1: What is Economics?

Chapter 2: Economic Systems & the American Economy

CURRENT EVENTS

- Two students will present a current event every Tuesday (Extended Learning Day).
- Students' popsicle sticks will be drawn from the can each week to determine who presents the following week.
- You'll present a current event from your assigned week's news to the class.
- You'll need to include:
 - ✓ WHO?
 - ✓ WHAT?
 - ✓ WHERE?
 - ✓ WHEN?
 - ✓ WHY?
 - ✓ SO WHAT?

TEACHER EXAMPLE

<https://www.seattletimes.com/business/starbucks-ceos-new-ideas-start-with-a-pick-up-only-store-in-nyc/>

- ✓ WHO?
- ✓ WHAT?
- ✓ WHERE?
- ✓ WHEN?
- ✓ WHY?
- ✓ SO WHAT?

CHAPTER ONE OVERVIEW

Chapter 1, Section 1: The Basic Problem in Economics

- Wants, Needs, & Choices
- The Problem of Scarcity
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Chapter 1, Section 2: Trade-Offs

- Trade-Offs
- Production Possibilities Curve

Chapter 1, Section 3: What Does an Economist Do?

- Economic Models
- Schools of Economic Thought

CHAPTER 1.1 VOCABULARY

- Economics
- Microeconomics
- Macroeconomics
- Scarcity
- Factors of Production
- Land
- Labor
- Goods
- Services
- Capital
- Productivity
- Entrepreneurship
- Technology
- Adam Smith

SECTION ONE: THE BASIC PROBLEM IN ECONOMICS

Wants, Needs, & Choices
The Problem of Scarcity
Factors of Production

WANTS, NEEDS, & CHOICES

Main Idea:

The basic problem in economics is HOW to satisfy UNLIMITED WANTS with LIMITED RESOURCES

- **Think-Pair-Share:** Think back to today's Entry Task. What is the difference between a WANT and a NEED? Give an example of each.

WANTS, NEEDS, & CHOICES

WHAT IS ECONOMICS?

Definition:

the study of how individuals, families, businesses, & societies use LIMITED RESOURCES to fulfill UNLIMITED WANTS

- Microeconomics: behavior and decision-making made by smaller units, such as individuals and firms
- Macroeconomics: focuses on the economy as a whole; the decision-making made by large units such as the government

WANTS, NEEDS, & CHOICES

CONFUSION OF WANTS WITH NEEDS

People often confuse wants with needs.

Thus, in a world of LIMITED RESOURCES, people satisfy UNLIMITED WANTS by making choices.

- Individuals must make choices
- Businesses must make choices
- Societies must make choices

QUESTION

What are some daily choices you make regarding your TIME and INCOME?

Take 2-3 minutes to discuss with your table. Then, we'll share out.

THE PROBLEM OF SCARCITY

Main Idea:

Scarcity exists because people's incomes and time are limited

- Everything that exists is limited – there's a fixed amount.
- People must make choices.
- People have competing uses for resources.

THE PROBLEM OF SCARCITY

WHAT IS SCARCITY?

Definition:

A basic economic problem that results from a combination of limited resources and unlimited wants.

- Not to be confused with SHORTAGES (these are *temporary*, i.e. food shortages caused by a hurricane)
- Even rich people experience scarcity! They don't have unlimited TIME.

FACTORS OF PRODUCTION

Main Idea:

Scarce resources require CHOICES about uses of factors of production.

These are the RESOURCES that are needed to produce goods and services:

1. Land
2. Labor
3. Capital
4. Entrepreneurship
5. Technology*

FACTORS OF PRODUCTION

LAND

Natural resources that exist without human intervention.

- Surface land & water, plus fish, animals, trees, mineral deposits, and other "gifts of nature"

FACTORS OF PRODUCTION

LABOR

Human effort directed toward producing goods & services; it's the work people do
(AKA: a human resource)

- Goods: tangible items we can buy
- Services: activities done for others for a fee

FACTORS OF PRODUCTION

CAPITAL

Previously manufactured goods used to make other goods and services

- For example: machines, buildings, & tools used to make cars
- When land + labor + capital are combined, the value of all 3 factors of production increases
- Capital increases PRODUCTIVITY (the amount of output that results from a given level of inputs)

FACTORS OF PRODUCTION

ENTREPRENEURSHIP

When individuals take risks to develop new products and start new businesses in order to make a profit

- It involves initiative and taking risks to reap profit
- NOTE: 30% of all new business enterprises fail!!! Out of the 70% that make it, only a few become very successful

FACTORS OF PRODUCTION

TECHNOLOGY

The use of science to develop new products and new methods for producing and distributing goods and services

- For example, computerized word processing was developed to replace the typewriter

TABLE DISCUSSION

- Think about your company (that you chose yesterday)
- Identify each Factor of Production for your company:
 - Land
 - Labor
 - Capital
 - Entrepreneurship
 - Technology
- Then we'll share out!

EFFECT ON INCOME & WEALTH

How much of each of the factors of production that an individual/group has determines their wealth.

Distribution of factors of production affects a nation's income distribution

➤ US Household Income Distribution

- 7.1% - Under \$10,000
- 17.6% - \$10,000 to \$24,999
- 24.9% - \$25,000 to \$49,999
- 29.9% - \$50,000 to \$99,999
- 20.5% - \$100,000 and over

ADAM SMITH

- The founder of classical economics
- Wrote: *An Inquiry Into the Nature and Causes of the Wealth of Nations*
- Argued: general welfare of society is best promoted by allowing individuals to pursue self-interest within the law
- Believed: government intervention is counterproductive – it diminishes the value of production of land and labor

THURSDAY, SEPTEMBER 12

Economics Unit 1: Intro to Econ

ENTRY TASK:

Recall - what is the BASIC PROBLEM in economics?

TODAY

- Econ Pre-Test
- Chapter 1, Section 2

CHAPTER ONE OVERVIEW

Chapter 1, Section 1: The Basic Problem in Economics

- Wants, Needs, & Choices
- The Problem of Scarcity
- Factors of Production

Chapter 1, Section 2: Trade-Offs

- Trade-Offs
- Production Possibilities Curve

Chapter 1, Section 3: What Does an Economist Do?

- Economic Models
- Schools of Economic Thought

SECTION TWO: TRADE-OFFS

Trade-Offs

Production Possibilities Curve

CHAPTER 1.2 VOCABULARY

- Trade Off
- Opportunity Cost
- Production Possibilities Curve

TRADE-OFFS

Main Idea:

Economic decisions always involve trade-offs that have costs

- Definition of **Trade-Off**: sacrificing one good or service to purchase or produce another
- Cost of Trade-Offs: what you give up in order to get or do something else
 - Time
 - Money
 - Another good or service

TABLE DISCUSSION

What is a trade-off you recently made?

TRADE-OFFS

OPPORTUNITY COSTS

Opportunity cost: the value of the next best alternative given up for the alternative that was chosen

- The SINGLE next best alternative
- It's something you lose / the thing you gave up
- For example: Congress votes on \$220M plan for highway improvement over medical research. Thus, to Congress, the opportunity cost of building highways is less than medical research

TABLE DISCUSSION

Talk about the opportunity cost of your post-secondary plans.

QUESTION

What is the main difference between an opportunity cost & a trade-off?

PRODUCTION POSSIBILITIES CURVE

Main Idea:

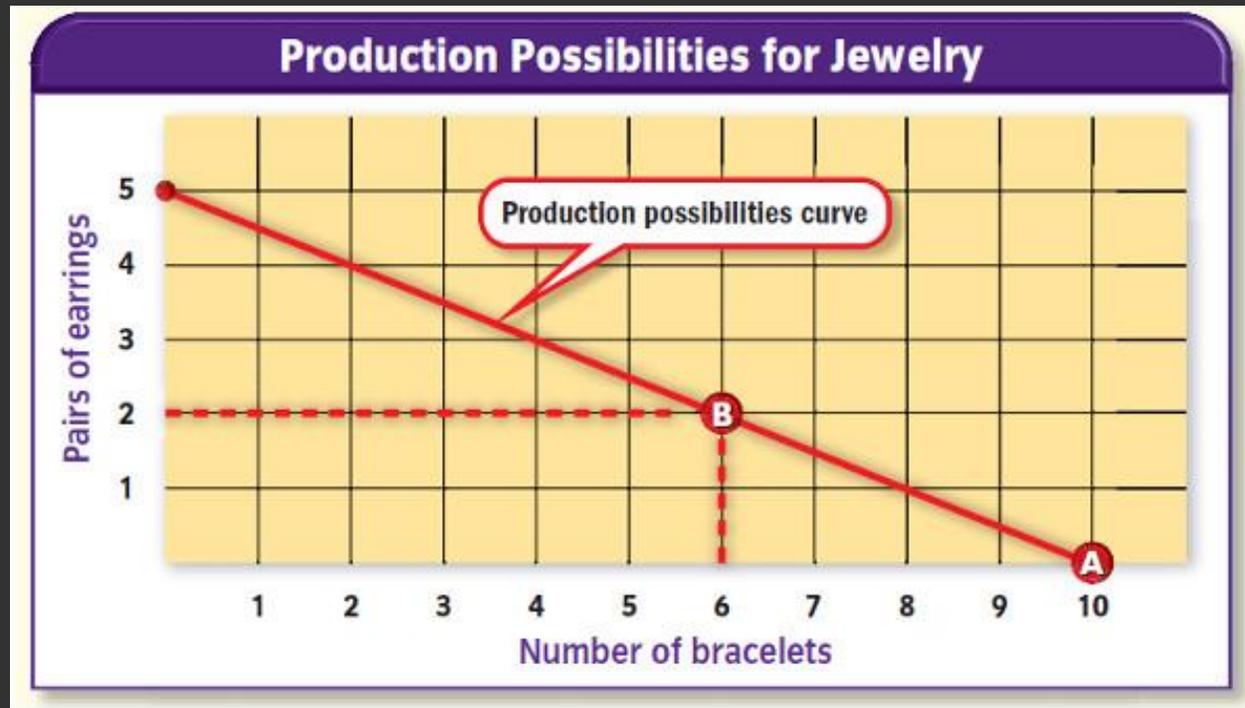
A **Production Possibilities Curve** shows the maximum combinations of goods and services that can be produced with a fixed amount of resources in a given amount of time

- A PPC helps determine how much of each item to produce, thus revealing the trade-offs and opportunity costs involved in each decision
- It can help individuals, businesses, and nations decide how to best use resources
- Must also consider factors other than economics

PRODUCTION POSSIBILITIES CURVE

EXAMPLE OF PPC: JEWELRY MAKING

You can make either 10 bracelets OR 5 pairs of earrings

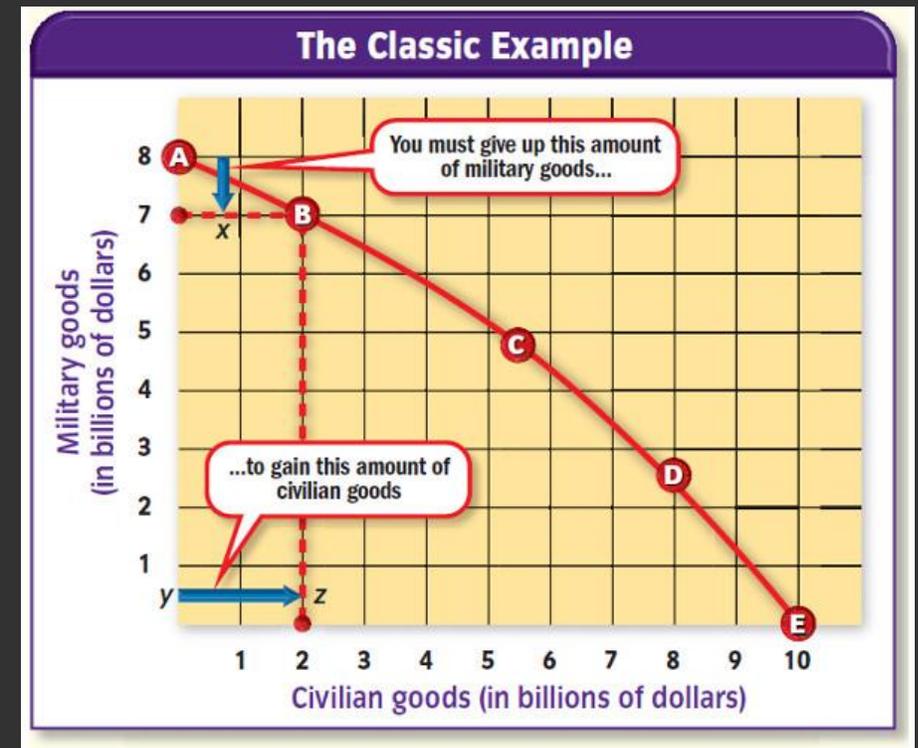


QUESTION: If you make 6 bracelets, how many pairs of earrings can you make? What's the opportunity cost of making 2 pairs of earrings?

PRODUCTION POSSIBILITIES CURVE

GUNS & BUTTER

- Military Goods = Guns
- Civilian Goods = Butter
- The amount of military goods given up in a year is the **OPPORTUNITY COST** of increasing the production of civilian goods
- In the United States, President & Congress decide the curve of the nation
- Resources + political & social concerns of citizens also affect curve



FRIDAY THE 13TH

Economics Unit 1: Intro to Econ

ENTRY TASK:

Look at the Production Possibilities Curve on the side whiteboard and answer the scenario:

You are a craftsman/craftswoman who hand-creates bowties and neckties. The curve represents the production possibilities for a 20-hour workweek. If you make only 4 neckties, you're able to make 3 bowties. What is the opportunity cost of making 3 bowties.

WEDNESDAY RECAP

- The basic problem in economics = HOW to satisfy UNLIMITED WANTS with LIMITED RESOURCES
- Wants are NOT the same thing as needs
- Scarcity exists because people's incomes and time are limited
- The 5 factors of production are:
 - 1.Land
 - 2.Labor
 - 3.Capital
 - 4.Entrepreneurship
 - 5.Technology*

THURSDAY RECAP

- Trade-Off = sacrificing one good/service in order to purchase or produce a different one
- Opportunity Cost = the value of the SINGLE NEXT BEST alternative that was given up for the option that was actually chosen
- Shows the max combo of goods and services that can be produced (with a fixed amount of resources in a given amount of time)

CHAPTER ONE OVERVIEW

Chapter 1, Section 1: The Basic Problem in Economics

- Wants, Needs, & Choices
- The Problem of Scarcity
- Factors of Production

Chapter 1, Section 2: Trade-Offs

- Trade-Offs
- Production Possibilities Curve

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SECTION THREE: WHAT DO ECONOMISTS DO?

Economic Models
Schools of Economic Thought

CHAPTER 1.3 VOCABULARY

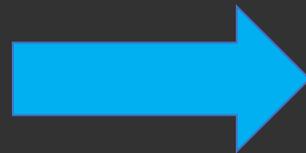
- Economy
- Economic Model
- Hypothesis

ECONOMIC MODELS

Main Idea:

Economists construct models to investigate the way that economic systems work.

Economists **STUDY**
different parts of the
economy (i.e. spending
habits, unemployment
rates, etc)



While studying parts of
the economy,
economists formulate
THEORIES
and gather data

ECONOMIC MODELS

WHAT ARE THEY AND WHAT DO THEY SHOW?

Economic Model: theory or simplified representation that helps explain and predict economic behavior in the real world

- Help us understand, predict, and explain economic behavior
- Help us understand the complexities of the world in simple terms
- Show visual representations of consumer, business, and other economic behavior

ECONOMIC MODELS

CONSTANT FACTOR ASSUMPTIONS

- In economic models, we must assume some factors are held constant (i.e., cost of inputs, available time)
- These are important to hold constant because in the real-world, many things may be changing at once
- Models hold everything steady EXCEPT the variables assumed to be related

ECONOMIC MODELS

HOW TO CREATE ONE

1. Start with an IDEA about how things work
2. Collect facts and discard information that's irrelevant
3. Use a hypothesis: an assumption involving 2+ variables that must be tested for validity
4. Then TEST it! Economists can see if it does a good job of representing reality (MUST BE TESTED TO SEE IF USEFUL)

SCHOOLS OF ECONOMIC THOUGHT

Main Idea:

Competing theories are supported by economists from different schools of thought

➤ It's important to note that not all economists agree!

SCHOOLS OF ECONOMIC THOUGHT

IN AMERICA

Throughout American history, many economists have stressed the importance of a "laissez-faire" policy in consumer and business affairs to prevent increased unemployment & inflation

- **Democrats:** tend to believe that free markets are unstable and the federal government should sometimes intervene in the nation's economy to help the nation's citizens
- **Republicans:** tend to believe that free markets take care of themselves and that government intervention in the market should be minimal

SCHOOLS OF ECONOMIC THOUGHT

KEY TAKEAWAY

Learning about economics can help us predict WHAT may happen if certain events occur or if certain policies are followed

BUT

Certain schools of thought and/or economic models will not tell us if the outcome will be "good" or "bad"

SCHOOLS OF ECONOMIC THOUGHT

VALUES

Judgements about an outcome or results of a policy/event depends on our values

- Values = religious freedom, equal opportunity, freedom from government meddling, etc.
- Economists in the same school of thought may have different judgements about an outcome based on their values

ACTIVITY PACKET

Complete the 1.1 Assessment & Activities Packet.

You can complete all 26 questions if you'd like, but the following are required at a minimum. You will only earn points for the required questions. Any additional questions you answer will simply be for your learning.

- Review Content Vocabulary: Choose 1 (#1 or #2) - *1 point for each word you successfully use*
- Review Academic Vocabulary: All (#3-9) - *1 point per blank*
- Review the Main Ideas: Choose 2 per section – *2 points per question*
- Math Practice: All (#20-23) - *1 point per question*
- Critical Thinking: Choose 1 (#24 or #25) - *4 points total*
- BONUS: Analyzing Visuals (not required but you'll receive 4 bonus points for answering a-c!)

MAX SCORE: 29 points

MONDAY, SEPTEMBER 16

Economics Unit 1: Intro to Econ

ENTRY TASK:

Ask someone at your table about their weekend!

Then, take out your activity packet.

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 - ✓ WHAT?
 - ✓ WHERE?
 - ✓ WHEN?
 - ✓ WHY?
 - ✓ SO WHAT?

TUESDAY, SEPTEMBER 17

Economics Unit 1: Intro to Econ

ENTRY TASKS:

Think-Pair-Share: What is the United States economy like?

CURRENT EVENTS

- Mason: <https://www.nbcnews.com/business/autos/how-gm-strike-could-impact-buyers-american-cars-n1054746>
- Carson: <https://www.foxbusiness.com/economy/us-china-deputy-level-talks>

CHAPTER TWO OVERVIEW

Chapter 2, Section 1: Economic Systems

Chapter 2, Section 2: Characteristics of the American economy

Chapter 2, Section 3: The Goals of the Nation

Chapter 2, Section 4: Socialism & Capitalism

ECONOMIC SYSTEMS AND THE AMERICAN ECONOMY

Chapter 2 Vocabulary:

- Economic System
- Traditional Economy
- Command Economy
- Market Economy
- Market
- Circular Flow of Income and Output
- Mixed Economy

ECONOMIC SYSTEMS

Main Idea:

All economic systems face the same basic questions.
What should be produced? How should it be produced?
For whom should it be produced?

Economic system: the way in which a nation uses its resources to satisfy its people's needs & wants

THREE BASIC QUESTIONS

Although nations have different economic systems, they all face the 3 basic questions:

1. What should be produced?
2. How should it be produced?
3. For whom should it be produced?

THREE BASIC QUESTIONS

What should be produced?

We live in a world of scarcity & trade-offs.

- Government: roads vs national parks
- City: police officers vs teachers
- Automobile manufacturer: pickup trucks vs SUVs vs minivans vs luxury cars

THREE BASIC QUESTIONS

How should it be produced?

- How many laborers will be hired?
- Will skilled laborers or unskilled laborers do the work?
- Will capital goods be used to manufacture the products?
- What kinds of technology will be used in the production process?

What is the best combination of available inputs to get the job done for the lowest possible cost?

THREE BASIC QUESTIONS

For whom should it be produced?

The type of economic system under which people live determines how the goods & services will be distributed among its members. The answers vary greatly from country to country.

Products distributed through various ways:

- Price system, majority-rule, through a lottery, first-come-first served basic, sharing equally, military force, etc.

TYPES OF ECONOMIC SYSTEMS

Main Idea:

There are four basic types of economic systems:

- Traditional
- Command
- Market
- Mixed

TYPES OF ECONOMIC SYSTEMS

Traditional System: System in which economic decisions are based on customs and beliefs that have been handed down from generation to generation

- Traditional: "the way they have always been done"
- Jobs are learned from parents and distribution done as always
- Advantages: You know what is expected of you, family and community ties are strong
- Disadvantages: Change is discouraged, production methods are inefficient, choices are rare, change in material well-being is unlikely
- Examples: the Inuit of North America, the Mbuti of the Democratic Republic of Congo, and the Aborigines of Australia

TYPES OF ECONOMIC SYSTEMS

Command System: System in which the government controls the factors of production and makes all the decisions about their values

- Government leaders control the factors of production and make all decisions: what's produced, how resources are used, distribution
- One person, small group of leaders or central planners
- Paid based on what central planners decide
- May not be allowed to choose your career
- Advantages: Your life path is given to you
- Disadvantages: Lack incentive to work hard or show initiative, lack of choices for the consumer, no reason to work efficiently
- Examples: North Korea, Cuba, former Soviet Union

TYPES OF ECONOMIC SYSTEMS

Market System: System in which individuals own the factors of production and make economic decisions through free interaction while looking out for their families' best interests

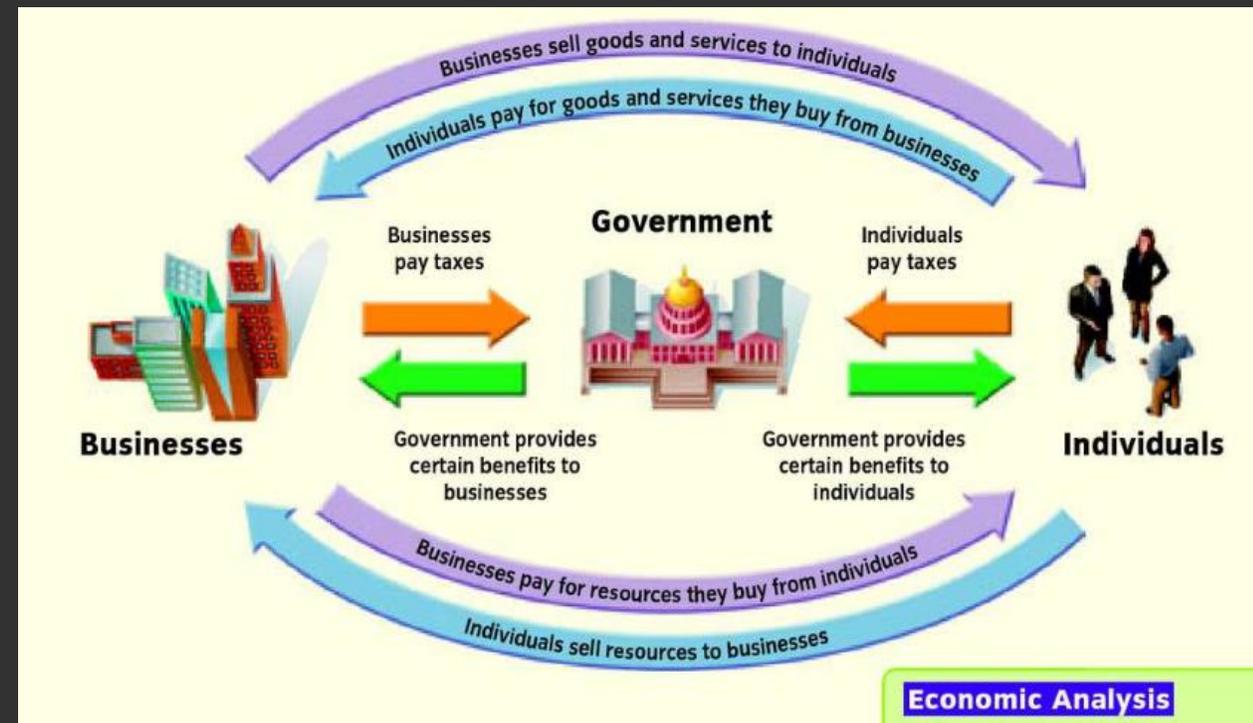
- Opposite of command, known as pure (AKA: Capitalism)
- Decisions made by individuals looking out for families best interests
- Individuals choose all factors of production
- Market: the process of freely exchanging goods & services between buyers and sellers
 - Not a place but a voluntary exchange of goods and services
- Prices in market coordinate interaction between buyers and sellers
 - High price = relatively scares
 - Low price = abundance
- Advantages: People have the freedom to choose a career, how to spend their money, to own property, take risks, make investments
- Disadvantages: Concern about the too young, old, sick to work – who will provide for them?

TYPES OF ECONOMIC SYSTEMS

Circular flow of income and output:

Economic model that pictures income as flowing continuously between businesses and consumers

- Factors of production flow from individuals to businesses, which use them to produce goods and services that flow back to individuals



TYPES OF ECONOMIC SYSTEMS

Mixed System: System combining characteristics of more than one type of economy

- Combines basic elements of market and command
- Private ownership and individual decision making coupled with government intervention & regulation
- Federal, state, & local laws protect private property and regulate certain areas of business
- Examples: United States, France, Sweden, Iceland

POSTER SUGGESTIONS

- Answer the 3 basic questions of economic systems:
 1. What should be produced?
 2. How should it be produced?
 3. For whom should it be produced?
- Other things to include:
 - Unemployment rate
 - Popular jobs
 - Distribution of income
 - Government structure
 - The factors of production