

Lesson 1.1: Scarcity and Trade-Offs

Key Terms:

- Scarcity
- Shortages
- Productive Resources
- Land
- Labor
- Human Capital
- Physical Capital
- Entrepreneurship
- Profit Motive
- Innovation
- Opportunity Cost

Learning/Essential Questions:

1. What is scarcity?
2. What two characteristics make something scarce?
3. What is an example of a scarce land resource?
4. What is the typical relationship between scarcity and price?
5. What is the difference between scarcity and a shortage of a good/service?
6. Provide an example for each of the four productive resources (factors of production).
7. What risks do entrepreneurs take when starting a business?
8. What is the primary factor that influences entrepreneurs to take risks?
9. What other factors influence entrepreneurs to take risks?
10. What is opportunity cost?

Lesson 1.2: Rational Decision Making

Key Terms:

- Marginal
- Marginal Benefit
- Marginal Cost
- Rational Decision Making
- Incentives

Learning/Essential Questions:

1. What is marginal benefit and marginal cost?
2. When should a choice be made when weighing costs and benefits?
3. What is revenue? What is profit?
4. What factors do business firms need to consider when deciding on how many workers to hire?
5. Based on the business expenditures chart, how many workers should the firm hire, and why?
6. What is an incentive?
7. Provide an example of both a positive and a negative incentive for an individual, a business and a government.

Lesson 1.3: Specialization and Voluntary Exchange

Key Terms:

- Specialization
- Division of Labor
- Voluntary Exchange

Learning/Essential Questions:

1. What is specialization?
2. Why does specialization increase productivity?
3. What is one method of specialization?
4. Provide a real world example of specialization.
5. When does voluntary exchange occur?
6. How is voluntary exchange facilitated in most situations?
7. Provide an example of voluntary exchange and its results.

Lesson 1.4: Economic Systems

Key Terms:

- Economic Systems
- Traditional Economy
- Command Economy
- Market Economy
- Mixed Economy
- Private Ownership
- Profit Motive
- Consumer Sovereignty
- Competition
- Government Regulation
- Social Economic Goals
- Allocation Strategies

Learning/Essential Questions:

1. What main factor do economists consider when classifying economic systems?
2. What are the three main economic systems?
3. How are most real world economies viewed today?
4. Define the main elements that are used to evaluate economic systems: private ownership, profit motive, consumer sovereignty, competition, and government regulation.
5. What are the characteristics of a traditional economy with regard to the five main elements?
6. What are the characteristics of a command economy with regard to the five main elements?
7. What are the characteristics of a market economy with regard to the five main elements?
8. What are the characteristics of a mixed economy with regard to the five main elements?
9. What are the three basic economic questions of production that nations must answer?
10. What are the social and economic goals that nations try to meet?
11. Why does a market or mixed economy do a better job of promoting economic freedom, growth, efficiency, and sustainability than a command economy?
12. What is the goal for price stability in a nation?
13. How does the U.S. try to stabilize prices?
14. What is the target rate of inflation in the U.S.?
15. What will happen to consumer purchasing power if prices rise (inflation)?
16. What factors can have an impact on price levels?
17. How does the U.S. define full employment?
18. What is most commonly measured to determine economic growth and sustainability?
19. What is the target rate for real GDP growth?
20. What do economists consider when providing input on how to build a sustainable economy?
21. How does price allocate resources throughout the economy?
22. What are other methods of allocating resources?
23. Provide a real world example of how you encountered one of the nine allocation strategies.

Lesson 1.5: Role of Government

Key Terms:

- Public Goods and Services
- Non-Exclusion
- Free Rider
- Income Redistribution
- Private Property Rights
- Market Failures
- Externalities
- Market power

Learning/Essential Questions:

1. What type of goods/services does the government provide?
2. How does the government fund the goods/services they provide?
3. What two characteristics help differentiate between a private good and a public good?
4. Define non-exclusion with relation to public goods.
5. Who is a free-rider?
6. What is an example of a public good at the local/state level of government?
7. What is an example of a public good at the federal level of government?
8. How does the U.S. try to meet the social economy goal of equity?
9. What is an essential element to have in order for a market economy to exist?
10. What is a market failure?
11. Define externalities and provide an example.
12. How does the government try to correct negative externalities?
13. What does market power refer to?
14. Why does the U.S. government not allow monopolies?
15. Define regulation and deregulation. What is an example of each?

Lesson 1.6: Economic Growth

Key Terms:

- Government Regulation
- Productivity
- Economic Growth
- Investment
- Physical Capital
- Standard of Living
- Human Capital
- PPC Curve

Learning/Essential Questions:

1. What is the definition of productivity?
2. What is an example of an input and an output?
3. How does technology and capital investment increase productivity and overall economic growth?
4. Define standard of living.
5. How does one typically increase their standard of living?
6. Define human capital.
7. What is the relationship between level of education, earnings, and unemployment rate?
8. What does the production possibilities model illustrate?
9. Where on the graph do you see efficient levels of production? Inefficient production?
10. What does point E on the graph illustrate?
11. Why do investments in capital and human capital push the production curve outward?