

A graphic featuring five hands of different skin tones (light, medium, and dark brown) reaching from the corners towards the center. They are holding a circular splash of clear water that forms a ring. The water splash is dynamic, with droplets and ripples. The background is plain white.

Economics
Unit One -
Foundations

Unit One

Big Ideas #1 and #2

Scarcity

The never-ending, always present problem!

Unlimited wants and needs with very limited resources causes us to make choices about how to use our limited resources.



Opportunity Cost

The value of the next best alternative given up when people, businesses and governments confront scarcity by making choices.

Unit 1

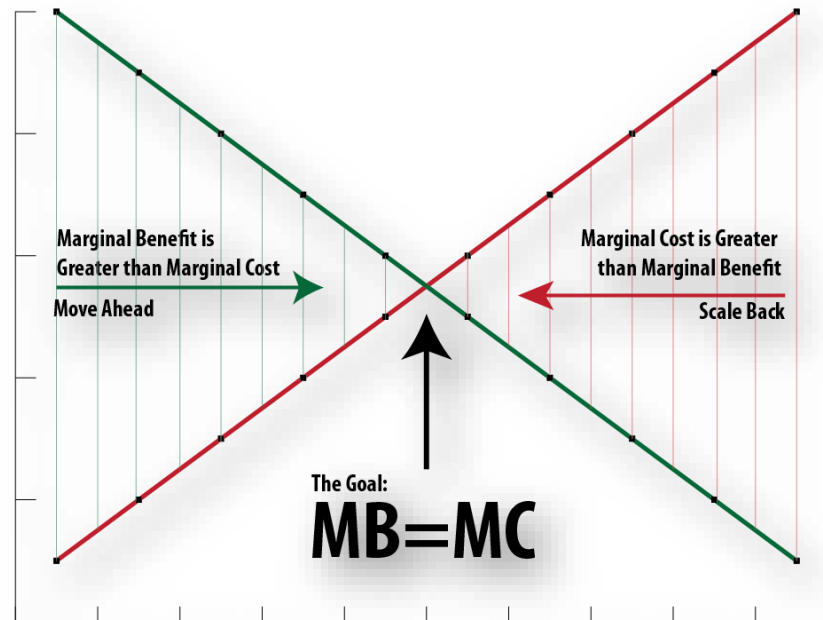
Big Idea #3

Rational Decision Making

Rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs.

Marginal benefits - the benefit of one more unit

Marginal costs - the cost of one more unit



Unit 1

Big Idea #4

Efficiency

The economic goal of getting the most output from a set of inputs

Not wasting anything! Time, resources, skills...anything!

To Gain Efficiencies...

Division of Labor **Dividing up a larger task into smaller chunks**

Specialization **Workers specialize in their ‘chunk’ of the larger task.
They train and practice until they become the absolute best/specialist at that task.**

Which increases efficiencies - getting more output from your inputs!

Voluntary Exchange **Everyone gains when it’s voluntary and fair**

Unit 1

Big Idea #5

Different Economic Systems and How They Answer the Three Economic Questions

	Three Economic Questions		
Economic Systems	What to produce?	How to produce it?	Who gets it once it's produced?
Traditional	Same as predecessors	Same way as predecessors	Who ever the group feels should receive it
Command	What central planners decide is needed	How central planners decide is best	Who central planners decide should get it
Market	What consumers want to buy	The way producers can make it to make the most profits	Whoever wants to buy it
Mixed	What consumers want to buy	The way producers can make the most profits (but doesn't hurt anyone/anything >> government involvement)	Whoever wants to buy it

Unit 1

Big Idea #6

The Four Factors of Production

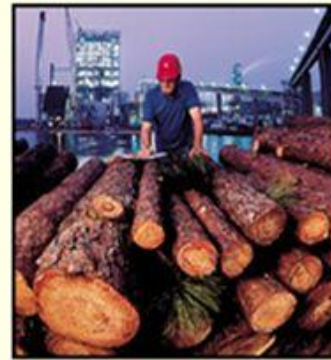
The Factors of Production



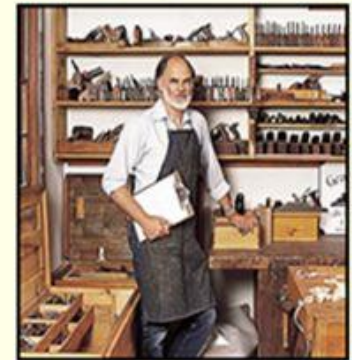
Land includes the “gifts of nature,” or natural resources not created by human effort.



Capital includes the tools, equipment, and factories used in production.



Labor includes people with all their efforts and abilities.



Entrepreneurs are individuals who start a new business or bring a product to market.