Unit 1: Basic Economic Concepts- The "choice" is yours

Content Area: **Social Studies**
Course(s): **AP Micro Economics**
Time Period: **September**
Length: **4 weeks**
Status: **Published**

Transfer

Basic Economic Concepts: The “Choice” is yours.

Enduring Understandings

People have unlimited wants of limited supplies of goods and services. The concept of scarcity of these goods drives economics.

Countries have to make decisions about how to use their resources efficiently. Production Possibilities Frontiers show how resources are used and how efficiently countries use them.

The idea of comparative and absolute advantage helps people to gauge why and how these should use and trade their resources. It helps to set up the parameters of trade between individuals and countries.

Mutual Trade is always beneficial to both sides, even if one side seems more productive than the other. By freeing up resources, both sides become more productive.

Supply and demand analysis helps people to understand how prices are set and how much quantity is produced. By looking and the desire and availability of products, people can make more informed choices on how goods and services are produced and purchases.

Essential Questions

Why does the study of economics consider the individuals “wants” over the individuals needs?

Why does scarcity lead people to evaluate opportunity cost?

How do we know of an individual or country are using their resources properly and how is it possible to become more efficient?

Why is trade mutual beneficial and how can we determine the benefits of trade?

How are supply and demand curves constructed and how does analysis of the movement of these curves help us to understand how choices are made?

Content

Vocabulary

Scarcity, Economic Goods, Opportunity Cost, Efficiency , Consumption, Absolute Advantage, Comparative Advantage, Law of Demand and Supply, Normal and Inferior Goods, Substitutes, Complements, Subsidy, Equilibrium, Shortage, Surplus, Price Ceilings and Price Floors

Objectives

Graph and analyze supply and demand curves and production possibility curves.

Analyze Absolute Advantage and calculation of comparative advantage.

Evaluate current economic climate through Economic Literacy Projects (ELP) where students choose a current event article and write up an analysis of it using economic standards.

The ability to clearly differentiate between “scarcity” and “shortages”

Assess the determinants of supply and demand through real world examples.

Determine the parameters of trade through comparative advantage analysis.

Standards

6.5.8 A. 1. Discuss how needs and wants change as one ages and the impact of planning, spending and saving.

6.5.8 A 2. Explain the law of supply and demand.

6.5.8 A5. Discuss the economic growth of a nation in terms of increasing productivity, investment in physical capital, and investment in human capital.

6.5.8 A6. Describe how private industry acquires material and energy resources, provides jobs, raises financial capital, manages production processes, and markets goods and services that create wealth in order to meet consumer and industrial requirements.

6.5.8 B. 1. Discuss how meeting the needs and wants of a growing world population impacts the environment and economic growth.

6.5.8 B. 6. Analyze and give examples of how business and industry influence the buying decisions of consumers through advertising.

6.5.12 B4. Discuss the value and role of free and fair competition versus the social need for cooperation and how business, industry, and government try to reconcile these goals.