Unit 5: Basic Economic Concepts

Content Area: **Social Studies**
Course(s): **American Economics**
Time Period: **February**
Length: **4 weeks**
Status: **Published**

Transfer

Scarcity exists because we have limited resources and unlimited wants. No society has ever had enough resources to produce all the goods and services its members wanted. Because of scarcity, all decisions involve cost.

Enduring Understandings

Scarcity exists because we have limited resources and unlimited wants. No society has ever had enough resources to produce all the goods and services its members wanted.

Because of scarcity, all decisions involve cost.

Opportunity cost is the forgone benefit of the next best alternative when resources are used for one purpose rather than another.

In a market system the laws of supply and demand determine the price and quantity of goods produced.

Incentives play a role in economic decisions making.

Essential Questions

How does scarcity lead to the need to make economic decisions?

How do opportunity costs impact economic decision making?

How does society decide how to allocate scarce resources?

Content

Vocabulary

Economics, Scarcity, Opportunity Cost, Production Possibilities Curve, Comparative Advantage, Law of

Supply, Supply Curve, Law of Demand, Demand Curve, Equilibrium Price and Quantity, Incentives, Trade Efficiency, Tariff, Barrier to Trade

Learning Objectives

Understand basic economic terms.

Calculate opportunity cost.

Analyze a production possibilities curve.

Diagram the law of comparative advantage.

Draw and analyze demand and supply curves.

Predict the impact of events on the supply and demand curves.

Determine the point of equilibrium in a supply and demand graph.

Assess the role of incentives in making economic decisions.

Explain why trade exists.

Standards