Unit 1: Fundamental Economic Concepts

Standard:
SSEF1 Explain why limited productive resources and unlimited wants result in scarcity, opportunity costs, and tradeoffs for individuals, businesses, and governments.
   a. Define scarcity as the basic condition that exists when unlimited wants exceed limited productive resources.
   b. Define and give examples of productive resources (factors of production): natural resources (land), human resources (labor and human capital), physical capital, and entrepreneurship.
   c. Explain the motivations that influence entrepreneurs to take risks (profit, job creation, innovation, improving society).
   d. Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.

Verbs: 
Nouns: 

Essential Question:

Standard:
SSEF2 Give examples of how rational decision making entails comparing the marginal benefits and the marginal costs of an action.
   a. Define marginal cost and marginal benefit.
   b. Explain that rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs.
   c. Explain that people, businesses, and governments respond to positive and negative incentives in predictable ways.

Verbs: 
Nouns: 

Essential Question:

Standard:
SSEF3 Explain how specialization and voluntary exchange influence buyers and sellers.
   a. Explain how and why individuals and businesses specialize, including division of labor.
   b. Explain that both parties gain as a result of voluntary, non-fraudulent exchange.

Verbs: 
Nouns: 

Essential Question:
**Standard:**
SSEF6 Explain how productivity, economic growth, and future standards of living are influenced by investment in factories, machinery, new technology, and the health, education, and training of people.

  a. Define productivity as the relationship of inputs to outputs.
  b. Explain how investment in equipment and technology can lead to economic growth.
  c. Explain how investments in human capital (education, job training, and healthcare) can lead to higher standard of living.
  d. Analyze, by means of a production possibilities curve: trade-offs, opportunity cost, growth, and efficiency.

**Essential Question:**

**Standard:**
SSEF4 Compare and contrast different economic systems and explain how they answer the three basic economic questions of what to produce, how to produce, and for whom to produce.

  a. Compare traditional, command, market, and mixed economic systems with regard to private ownership, profit motive, consumer sovereignty, competition, and government regulation.
  b. Analyze how each type of systems answers the three economic questions and meets the broad social and economic goals of freedom, security, equity, growth, efficiency, price stability, full employment, and sustainability.
  c. Compare and contrast strategies for allocating scarce resources, such as by price, majority rule, contests, force, sharing, lottery, authority, first-come-first serve, and personal characteristics.

**Essential Question:**

**Standard:**
SSEF5 Describe the roles of the government in the United States economy.

  a. Explain why government provides public goods and services, redistributes income, protects property rights, and resolves market failures.
  b. Explain the effects on consumers and producers caused by government regulation and deregulation.

**Essential Question:**