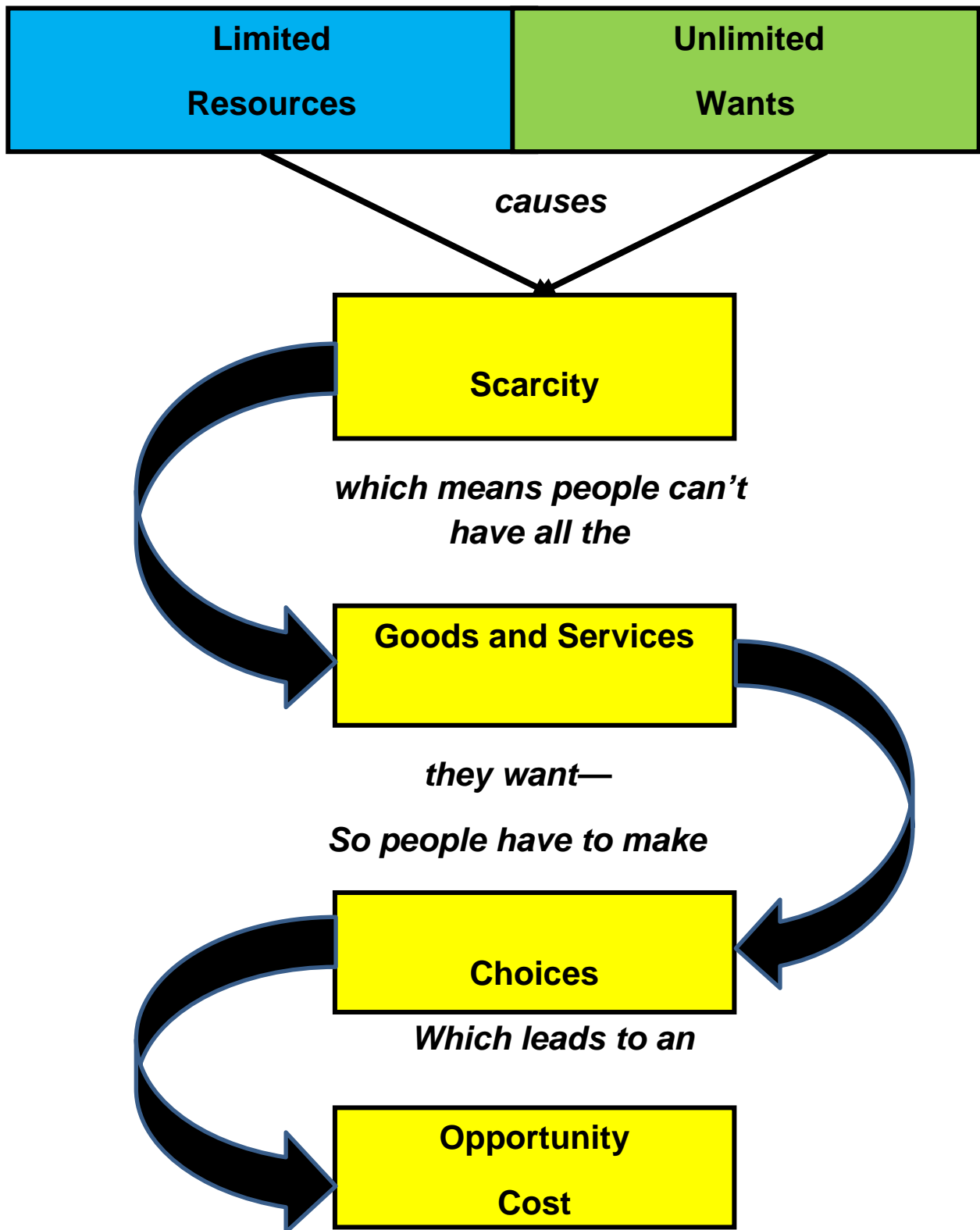


Lesson Graphic Organizer



Big Idea Card

Big Ideas of Lesson 1, Unit 1

- Economics is the study of how people choose to use resources to produce or consume goods or services to meet their wants and needs.
- Needs and wants differ but are related. Needs are necessary for survival such as food, shelter, and air. Wants are not essential for survival. For example, people need food, but the types of food they choose to eat – pizza or a hot dog – are wants.
- Distinguishing between needs and wants can be difficult. What people perceive as a need may be based on their experiences and life situation, rather than necessary for survival.
- Scarcity results because individuals, groups, businesses, and countries have unlimited wants, but the resources need to meet those wants are limited. Scarcity is a fundamental economic problem – a society cannot provide everything for everybody. As a result, people make choices.
- For every choice, there is an opportunity cost. The opportunity cost is the value of the next best alternative given up when a choice is made.

Word Cards

<p>1 wants</p> <p>an item we desire but is not essential for survival like a new car or a relaxing vacation</p>  <p>Example: Just like the story, “Give a Mouse a Cookie,” human wants are unlimited.</p> <p>(SS100101)</p>	<p>2 needs</p> <p>an item that is essential for survival like air, food, or shelter.</p>  <p>Example: Basic human needs include air, food, water, and shelter to protect us from the environment.</p> <p>(SS100101)</p>
<p>3 economics</p> <p>a social science field concerned chiefly with how people choose to use resources to produce or consume goods or services to meet their wants</p>  <p>Example: The field of economics is essentially about rationale decision-making.</p> <p>(SS100101)</p>	<p>4 scarcity</p> <p>the basic economic problem that happens because people have unlimited wants but resources are limited</p>  <p>Example: Many Americans cannot understand the scarcity of clean drinking water that exists in some parts of the world.</p> <p>(SS100101)</p>
<p>5 choice</p> <p>the act of picking or deciding between two or more possibilities</p>  <p>Example: Even though there were lots of choices for drinks, Sam only wanted water to quench his thirst.</p> <p>(SS100101)</p>	<p>6 opportunity cost</p> <p>the most desirable benefit, profit, or value of something that must be given up to get something else</p>  <p>Example: Since every resource (land, money, time, etc.) can be put to alternative uses, every action, choice, or decision has an associated opportunity cost.</p> <p>(SS100101)</p>

7 resources

assets that are used to
produce human needs
and wants



Example: Resources such as land, labor, capital, and time are limited so the amount of goods and services that can be produced from them are likewise limited.

(SS100101)

Color, Symbol, Image Handout

Name: _____ Date: _____ Hour: _____

What comes to mind when you hear the term “economics”?

- 1. **Choose a color:** Select a color(s) that you think represents the essence of the term “Economics.”
- 2. **Create a symbol:** Select a symbol that you think represents the essence of the term “Economics.” For example, a dove may be a symbol for the term “peace.”
- 3. **Sketch an image:** Select an image that you think represents the essence of the term “Economics.” An image is a collection of symbols that interact with each other.

Color	Symbol	Image

Now explain why you chose the color, symbol, and image below.

Adapted from: “Colour, Symbol, Image Routine.” *Visible Thinking*. Harvard Project Zero. 8 July 2014
<http://www.visiblethinkingpz.org/VisibleThinking_html_files/03_ThinkingRoutines/03d_UnderstandingRoutines/ColourSymbolImage/ColourSymbolImage_Routine.html>.

What is Economics?

It is Friday night and you have three different ways to spend the evening. You could go to a friend's party, go to a movie, or stay home and play Scrabble with your parents. Since you do not have time to do all of these things at the same time, you will have to make a choice. Which would you choose?

Economics is all about making choices when faced with limited resources. In the scenario above, time was the resource that was scarce. Making a choice among alternatives when you cannot have it all is at the core of economics. Each day everyone thinks like an economist without knowing it. For example, should you work overtime to earn extra income or enjoy the weekend? Should you buy the latest X-Box game or save your money for something you might want tomorrow?

The answers to these questions will differ for different people. Why? Well, one reason is that we are all not the same. The choices people make depend on their circumstances. What can be right for you might not be the best choice for your friend. One of the biggest lessons of economics is that there is no single best way to resolve such choices. People make economic decisions when faced with choices based on what they value. Simply put, people can live very differently than you do because of their values and resulting choices.

Economics professor Steven Landsburg explains it this way:

"My daughter is keenly interested in the same questions, more concretely posed: Is her allowance an entitlement or a reward for a clean room? Should she be free to ignore her parents' advice and wear a summer jacket on a winter day? Should she and her friends choose a video that most of them love or a video that none of them hates? Every time a child cries "That's not fair", a parent is forced to confront some issue of economic justice."¹

Economics also studies choices that groups of people or societies make. For example, if the State of Michigan decides to use tax dollars to fix the roads instead of using it to build a park, we as citizens are making a social choice through the decisions of our elected officials. Likewise, when a business chooses to provide health insurance to its employees instead of giving them an extra two weeks of paid vacation, they are again making an economic decision. With social choices, however, we want to ask what is right? What is just? What is fair?

Economics is the study of how people choose to use resources to produce or consume goods or services to meet their wants. When people choose one option over another, they incur what is known as an opportunity cost. An opportunity cost is the most desirable benefit, profit, or value of something that you gave up in order to get your first choice. For example, if you are at a ballgame and you choose to eat a pizza instead of a hot dog, your opportunity cost is the hot dog. The hot dog is what you gave up in order to have your first choice – the pizza. So, the opportunity cost of any choice is the value of the next best alternative that was given up. A simple way to remember this is by this: Opportunity Cost = Second Place Choice.

Let's go back to our Friday night example. Your choices were that you could go to a friend's party, a movie, or stay home and play Scrabble with your parents. What did you choose? What was your opportunity cost? Remember, that would be the next best alternative (what was in second place?). Throughout this course, we will continue to look at how people solve the problem of scarcity -- unlimited wants and limited resources. Remember, economics is the study of how people choose to use resources to produce or consume goods or services to meet their wants and needs.

¹ Landsburg, Steven E. *Fair Play: What Your Child Can Teach You About Economics, Values, and the Meaning of Life* by Steven E. Landsburg. New York: The Free Press, 1997. Pp. 5-6.