

Welcome to Class...

- ▶ On a half sheet of paper please answer the following questions (If I can incorporate things you like into this class I will):
 1. What do you prefer to be called in class?
 2. What are your favorite movies?
 3. What are your favorite artists or bands?
 4. What are your TV, Netflix, Amazon, Hulu shows?
 5. What is something you're good at? (“nothing” is not a valid response)?

Economics with Mr. Cook

- ▶ Today you can sit wherever you like
 - Funny Clip
 - ▶ Attendance
 - ▶ Class routines
 - Warm-Up w/ music
 - Discussion
 - Technology in Class
 - Market
 - ▶ Class Breakdown
 - Exams = 40%
 - Final Exam = 15%
 - Projects = 10%
 - Homework and Classwork = 20%
 - Participation Project = 15%

Economics with Mr. Cook

- ▶ Participation project
 - A finite amount of currency will be available to the class to earn through participation (\$87,000)
 - This is a 25 person class as of now (we will adjust if we need to), so in order to earn 100% on your participation grade, you will need to accumulate \$3,000 “Cook Bucks”
 - I will act as the federal reserve and the bank of our class
 - Inherently this class will have some who participate more than others, so if those individuals develop a surplus of Cook Bucks that exceeds \$3,000, then they are free to spend it on “Market Items”
 - Every Friday we will cash out and open up the “Market”

Econ with Mr. Cook

- ▶ Books on Friday 8am
- ▶ Random Seating Chart
 - ▶ Funny Clip

Warm Up #1

- ▶ What are the characteristics that make something valuable?
- ▶ What is the difference between a “need” and a “want”?
- ▶ Current Event Question: What is the name of the Chinese currency? What happened to the Chinese Stock Market last week? How long is the Chinese Stock Market expected to behave like it is? What did China do to it’s currency in the Fall of 2015? How much global wealth has been lost in the global stock markets in 2016 alone?

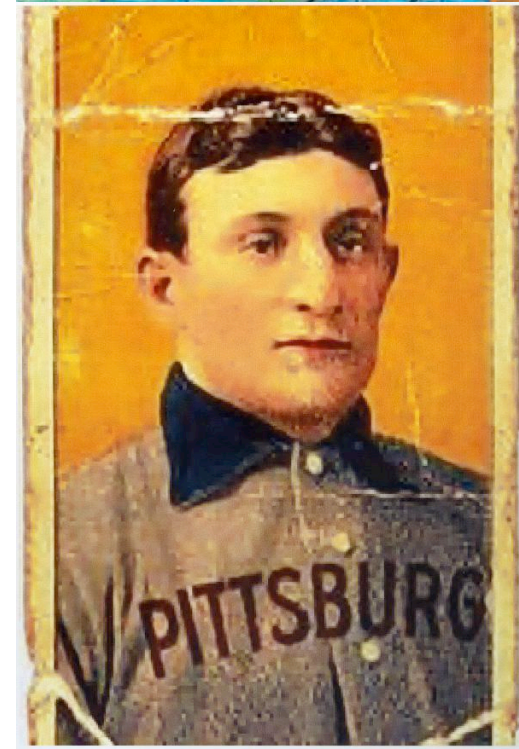


Economics: Chapter 1

Cook
Fall 2017

Chapter 1

- ▶ What is Economics?
 - The study of how we make decisions
- ▶ What is the fundamental problem facing all societies?
 - Scarcity – not having enough resources to produce all things people would like to have
 - Unlimited (infinite) desires coming into conflict with limited (finite) resources



Warm Up #1

1. What is scarcity and how does it determine value? Give an example
2. In economics, what is a “need” vs a “want”? Give an example
3. What is your favorite economics story?

Chapter 1

▶ Need

- Basic requirement for survival
- Food, shelter, clothing

▶ Want

- Things we justify as needs but are not necessarily needed
- Pizza is a food and we may want it but there are other basic sources of food that could help us survive just as well



Chapter 1

- ▶ 4 Factors of Production
 - Resources required to produce the things we would like to have, are land, capital, labor, and entrepreneurs
- ▶ Land
 - Anything that is a gift of nature
 - Forests, mineral deposits, livestock, sunshine etc.
- ▶ Capital
 - Tools, equipment, factories and machinery used in the production of goods

Chapter 1

- ▶ **Financial Capital**
 - Money used to buy the tools and equipment used in production
- ▶ **Labor**
 - People with all their efforts, abilities and skills
- ▶ **Entrepreneur**
 - A risk taker in search of profits who does something new with existing resources



Chapter 1

- ▶ **Production**
 - The process of creating goods or services
- ▶ **GDP**
 - Gross Domestic Product – The dollar value of all final goods and services in a 12 month period within the U.S.
- ▶ **GNP**
 - Gross National Product – Measures the wealth of all citizens in a 12 month period whether its in the U.S. or outside our borders

Warm Up #2

1. What is GNP? GDP? How do they differ?
2. What are the (4) factors of production?
3. What is the economic definition of Capital? Labor?
4. CEQ: What are economic sanctions? What countries do the United States and/or NATO have economic sanctions against? Why?

Chapter 1

- ▶ Goods
 - Consumer Goods – product designed for use by consumers
 - Capital Goods – product designed for use by manufacturers
- ▶ Services
 - Work that is performed by someone
- ▶ Consumer
 - A person who uses goods and/or services



Chapter 1

▶ Paradox of Value

- Why is water virtually free when we need it and diamonds are expensive and have no particular use?
- The situation where some necessities, such as water, have little monetary value, whereas some non-necessities, such as diamonds have a much higher value



Chapter 1

- ▶ Utility – The capacity to be useful and provide satisfaction
- ▶ Factor Markets – The markets where productive resources are bought and sold
- ▶ Product Markets – Markets where producers sell their goods and services to customers
- ▶ Economic Growth – occurs when a nation's total output of goods and services increases over time.



Chapter 1

- ▶ Productivity – A measure of the amount of output produced by a given amount of inputs in a specific amount of time.
 - If a company produced 500 units of one product in a year and the next year produced 510 units without changing their inputs then their productivity went up.



Chapter 1

- ▶ Wealth – The accumulation of products that are tangible, scarce, useful and transferable from one person to another
- ▶ Circular Flow of Economic Activity – Page 15 and handout



Warm Up #4

1. What is the difference between GNP and GDP? Which is a better indicator of the health of the United States? Which is a better indicator of the wealth of United States citizens?
 2. If the population increases roughly 1% every year, how much economic growth is required to maintain the standard of living for everyone?
 3. Draw and label the circular flow model.
- ▶ CEQ: What has happened to the water of Flint Michigan? What led to this? Has this led to a higher or lower standard of living in Flint?

Chapter 1

- ▶ Opportunity Cost
 - Cost of the next best alternative
 - It is what you give up
 - Money, time or resources when one choice is made over another



Chapter 1

- ▶ Production Possibilities Frontier (PPF or PPC) – A diagram representing various combinations of goods and/or services an economy can produce when all productive resources are fully employed
- ▶ Economic growth expands production possibilities

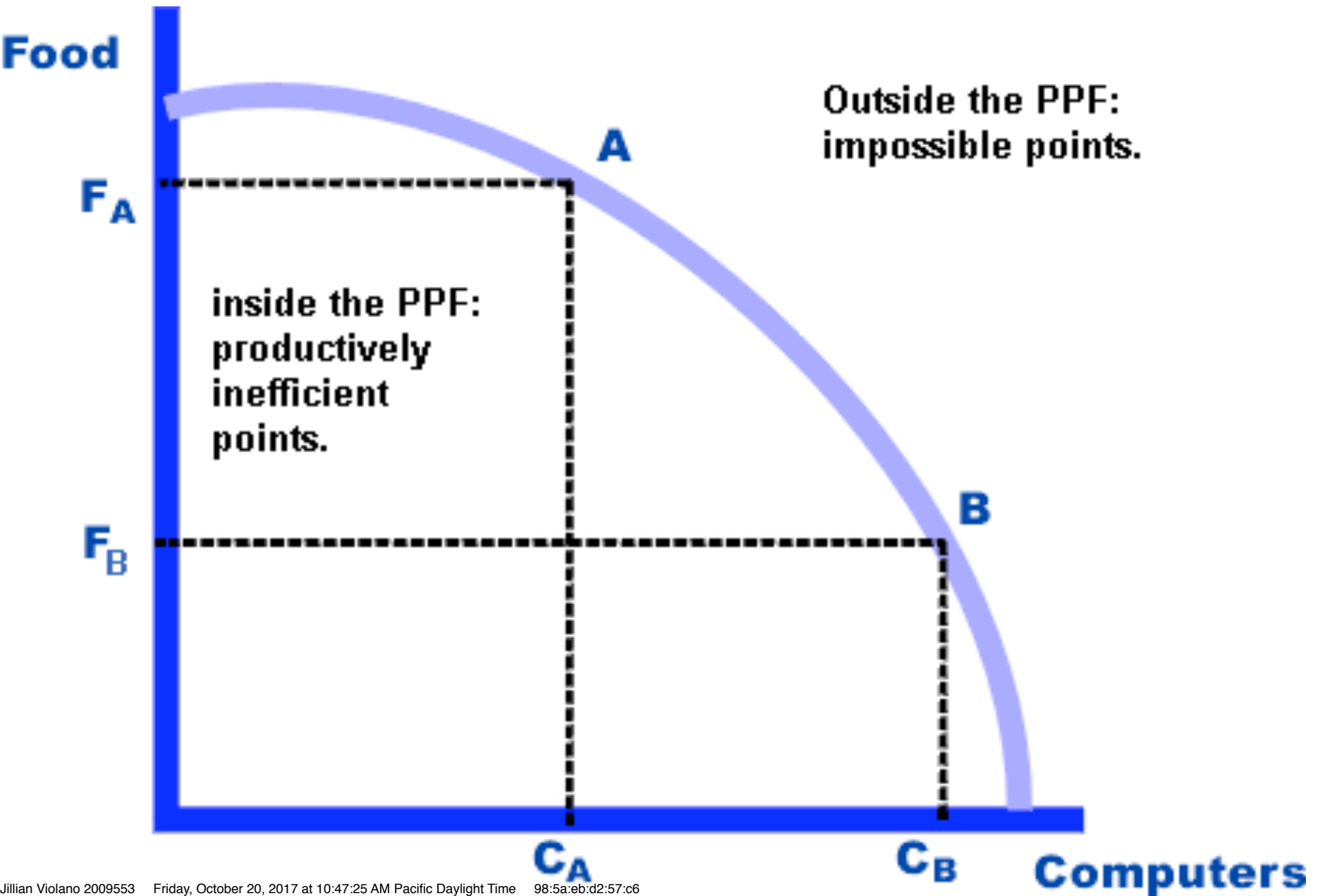
Warm Up

- ▶ What is Economics?
- ▶ What's the difference between a need and a want?
- ▶ What is the fundamental problem facing all societies?
- ▶ What are factors of production?
- ▶ What is an opportunity cost?
- ▶ What does PPC stand for? What's another name for a PPC graph?
- ▶ PPC Problem on Board
- ▶ CEQ: What has happened to the water of Flint Michigan? What led to this? Has this led to a higher or lower standard of living in Flint?

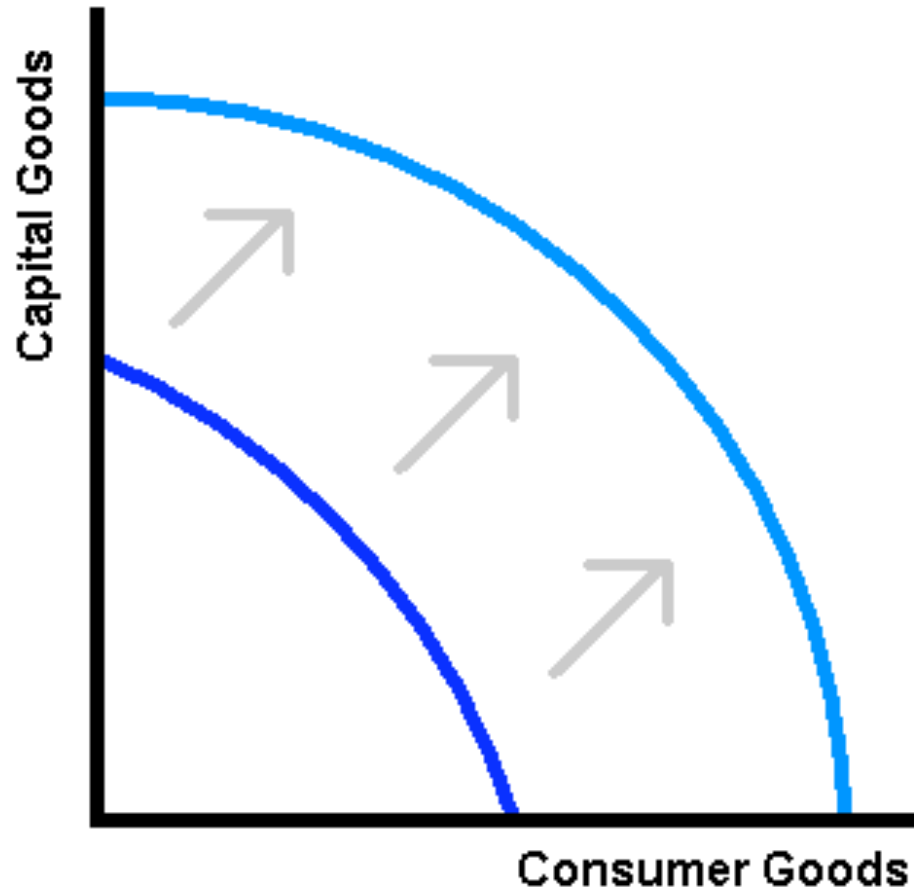
Warm Up

- ▶ What is Specialization in terms of economics?
- ▶ What is the Division of Labor? Name an example.
- ▶ Why is economic growth important? How does everyone benefit when the economy is growing?
- ▶ PPC Problem on board – Graph
 - Plot a point and label it “F” – This point is not utilizing full efficiency.
 - Plot a point and label it “G” – This point is unachievable without a new variable
 - What is a new variable that could shift our curve to point “G”?

Production Possibilities Curve



PPF/PPC Growth



Chapter 1

- ▶ Cost-benefit analysis – A way of thinking about a problem that compares the costs of an action to the benefits received
- ▶ Standard of Living – The quality of life based on the possession of the necessities and luxuries that make life easier



Chapter 1

- ▶ Free Enterprise Economy (Market Based) – one of which consumers and privately owned businesses, rather than the government make the majority of economic decisions (U.S.)



Economics: Chapter 2

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Fall 2017

ECONOMICS

Chapter 2

- ▶ Economic System – Organized way in which a society provides for the wants and needs of its people

Types of Economy

- ▶ Free Enterprise Economy (Market Based) – one of which consumers and privately owned businesses, rather than the government make the majority of economic decisions (U.S.)
- ▶ Tradition Based Economy – People repeat the decisions of previous generations (India)
- ▶ Command Based Economy – Decisions are made by an authority figure (Cuba, Soviet Union, China)



Types of Economy

- ▶ **Market Economy – Capitalism or Free Market**
 - Advantages – Can adjust to change, Individual Freedom, Small amount of govt. interference, decentralized
 - Disadvantages – Does not provide for the basic needs of everyone within it's society, Does not provide enough services that people value, High degree of uncertainty and large swings occur regularly



Types of Economy

▶ Traditional

- Advantages – Everyone knows their role in the economy
- Disadvantages – Discourages innovation and new ideas, Low standard of living



Types of Economy

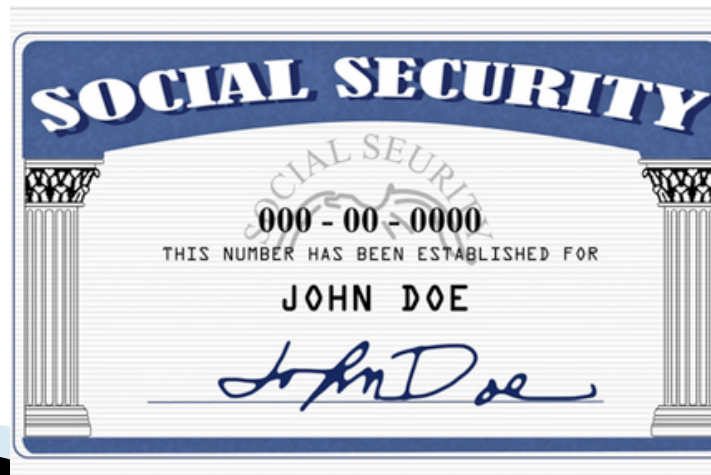
▶ Command Economy

- Advantages – Can change direction drastically in a short amount of time, Health and Public services provided for everyone
- Disadvantages – Does not meet the wants of consumers, No incentive to work hard, Not very flexible



Economic and Social Goals

- ▶ Social Security – A federal program of disability and retirement benefits that covers most working people
- ▶ Inflation – A rise of the general level of prices. Occurs when workers need more money to pay for food, clothing, and shelter



Chapter 2

- ▶ Fixed Income – An income that does not increase even though prices go up
- ▶ Voluntary Exchange – The act of buyers and sellers freely and willingly engaging in market transactions. Mutually beneficial



Warm Up #5

- ▶ Name at least one advantage and one disadvantage of the following types of economies:
 - Command
 - Traditional
 - Market Based
- ▶ What is the Paradox of Value?
- ▶ Draw the circular flow model.
- ▶ Who is known as the “Father of Capitalism”? What did he write? What was his view on government intervention in the economy?
- ▶ CEQ: I lied, this isn't going to be about China's Stock Market. Who is currently polling in 3rd place in our National Presidential Election?

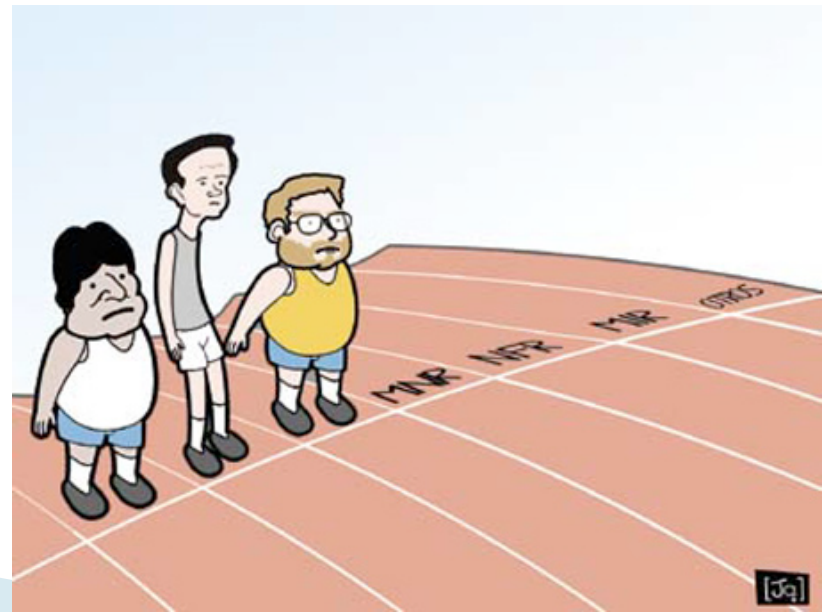
Capitalism and Economic Freedom

- ▶ Private Property Rights – The privilege that entitles people to own and control their possessions as they wish
- ▶ Profit – The extent to which persons or organizations are better off at the end of a period of time



Chapter 2

- ▶ Profit Motive – The driving force that encourages people and organizations to improve their material well-being
- ▶ Competition – The struggle among sellers to attract consumers while lowering costs



Capitalism and Economic Freedom

- ▶ Consumer Sovereignty – The role of the consumer as sovereign or ruler of the market (The customer is always right)
- ▶ Mixed Economy – Consumers carry on with their economic affairs freely but are subject to some government intervention and regulation



Macroeconomics

- ▶ Branch of economic theory dealing with the economy as a whole and decision making by large units like government



- ▶ All Content Created by DJ Cook